

Meeting of the Audit Committee

4pm* on Thursday, 26 February 2015
in 1B27, Technopark, London Road, London SE1

* Pre meeting with the Internal Auditors at 3.45pm in 1B27, Technopark

Agenda

<i>No.</i>	<i>Item</i>	<i>Paper No.</i>	<i>Presenter</i>
1.	Welcome and apologies		Chair
2.	Declarations of Interest		Chair
3.	Minutes of the last meeting (for publication)	AC.01(15)	Chair
4.	Matters arising		Chair
5.	Projects		
6.	Change programme projects update – informed decision making theme	AC.02(15)	CFO
7.	Internal Audit		
8.	Progress Report (for monitoring)	AC.03(15)	PwC
9.	Finance continuous auditing report (period 1, 2014/15) (for monitoring)	AC.04(15)	PwC
10.	Student data continuous auditing report (period 1, 2014/15) (for monitoring)	AC.05(15)	PwC
11.	Internal Audit report – data security (for monitoring)	AC.06(15)	PwC
12.	Risk and Control		
13.	Quarterly Risk Report (to consider)	AC.07(15)	CFO
14.	Other Matters		
15.	New SORP update	AC.08(15)	CFO
16.	TRAC return to HEFCE (to ratify)	AC.09(15)	CFO
17.	Speak up hotline mini-tender (to note)	AC.10(15)	Sec
18.	Speak up report (to note)	AC.11(15)	Sec

19.	Anti-fraud, bribery and corruption report (to consider)	AC.12(15)	CFO
20.	Financial personnel succession planning (to note)	AC.13(15)	CFO
21.	Matters to report to the Board following this meeting		Chair
22.	Any other business		Chair
23.	Internal audit tender update (to note) { <i>in the absence of PwC</i> }	Verbal update	CFO
24.	Date of next meeting: Thursday 4 June 2015 at 4pm		Chair

Members: Andrew Owen (Chair), Steve Balmont, Shachi Blakemore, Douglas Denham St Pinnock and Mee Ling Ng

Internal Auditors: Charlotte Bilsland and Justin Martin (PwC)

External Auditors: David Barnes (Grant Thornton)

With: Vice Chancellor, Chief Financial Officer, Chief Operation Officer (for item 11) and Director of ICT – Interim (for item 11), Financial Controller and Governance Manager.

Apologies: University Secretary

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 26 February 2015
In room 1B27, Technopark, London Road, London, SE1

Present

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

External Auditors

David Barnes	Grant Thornton
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Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers (<i>until minute 29</i>)
Justin Martin	PricewaterhouseCoopers (<i>until minute 29</i>)

In attendance

Prof David Phoenix	Vice Chancellor and Chief Executive
Natalie Ferer	Financial Controller
Richard Flatman	Chief Financial Officer
Rob McGeechan	Director of ICT (<i>for minutes 13-15</i>)
Ian Mehrtens	Chief Operating Officer (<i>for minutes 13-15</i>)
Michael Broadway	Governance Manager

Welcome and apologies

1. The Chairman welcomed members to the meeting. Apologies had been received from James Stevenson.

Declarations of Interest

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

Minutes of the last meeting

3. The minutes of the meeting held on 30 October 2014 were approved subject to minor amendments (paper **AC.01(15)**). The amended minutes were approved for publication subject to the proposed redactions. The committee requested that minute 13 is published.

Matters arising

4. There were no matters arising from the previous minutes which were not picked up elsewhere on the agenda.
5. Minute 24 of 30 October 2014 refers - the Vice Chancellor updated the committee on the UK Visas and Immigration investigation.
6. The risk appetite framework was approved by the Board at its meeting of 20 November 2014. A discussion on the Board's appetite for risk would take place at the Board strategy day of 23 April 2015.

Change programme update: informed decision making

7. The committee discussed an update on the informed decision making theme of the change programme (paper **AC.02(15)**). The *League Table* project had been completed and a project closure report is being prepared for the Executive. Progress on the *Corporate Performance Management* and the *Data Quality and Management* projects was noted.

Internal audit progress report

8. The committee noted a progress report on internal audit work (paper **AC.03(15)**). It was noted that the internal auditors were halfway through their plan for the year. The committee noted that the second audit of the change programme had been deferred to quarter 4.
9. The committee noted that the implementation rate of recommendations had dropped from previous reports and requested the Executive to monitor this closely.

Continuous Auditing: Key Financial Systems, period 2 2014/15

10. The committee noted the continuous auditing report for period 2, 2014/15 (paper **AC.04(15)**). There had been a slight decline in performance this quarter with accounts payable and cash graded at amber (green for period 1 2014/15).

Continuous Auditing: Student data, period 1 2014/15

11. The committee noted the continuous auditing report for student data for period 1, 2014/15 (paper **AC.05(15)**). This was the first continuous auditing report for student data.

12. The committee requested that the Deputy Academic Registrar attend the next meeting for the continuous auditing report on student data.

Internal audit report – Data Security

Ian Mehrtens and Rob McGeechan joined the meeting

13. The committee noted the internal audit report on data security, which was rated as high risk (paper **AC.06(15)**). Three high risk issues were identified:
 - a. Lack of integration between HR and ICT records for leavers;
 - b. Physical security; and
 - c. Logical security.
14. The audit committee expressed concern at the risks in the report and requested an update on progress of implementing the recommendations at the audit committee meeting of 4 June 2015.
15. It was reported that the post of Head of Information Security had been created and recruitment was underway. The post would provide leadership in a specialised and complex area.

Ian Mehrtens and Rob McGeechan left the meeting

Risk Register

16. The committee noted the risk register (paper **AC.07(15)**).
17. The committee noted that following new guidance from the Home Office the risk on international recruitment would be reviewed.

New statement of recommended practice (SORP) update

18. The committee noted an update on preparations for the new SORP and FRS102 which all higher education providers have to adopt for accounting periods starting on or after 1 January 2015 (paper **AC.08(15)**). Under the new SORP the figures for year ending 31 July 2015 would be restated in the 2016 accounts.
19. It was noted that the main impact of the revised SORP would be the accounting treatment of non-government grant income and enhanced disclosures around related parties and senior staff remuneration.

20. A further update on the revised SORP and new accounting policies would be considered by the Audit Committee at its meeting of 4 June 2015.

Transparent Approach to Costing (TRAC) Return

21. The committee discussed the TRAC return which had been submitted to HEFCE on time (paper **AC.09(15)**). The committee noted that the data had met all the validations tests. The committee ratified the return and its submission.
22. It was noted that a management, time limited working group to oversee the TRAC process would be set up.

Speak up – independent channel to raise concerns

23. The committee noted an update on the procurement of an independent channel to raise speak up issues (paper **AC.10(15)**). A mini tender was underway involving three suppliers. The preferred supplier would be approved by the Chairman of the Audit Committee. A revised speak up policy reflecting any changes needed in relation to the new independent channel to raise concerns would be considered by the Audit Committee at its meeting of 4 June 2015.

Speak up report

24. The committee noted the speak up report (paper **AC.11(15)**). One matter had been raised under the speak up policy since the last meeting. It was reported that it was appropriate for this matter to be dealt with under the grievance procedure.

Anti-fraud, bribery and corruption report

25. The committee noted the anti-fraud, bribery and corruption report (paper **AC.12(15)**). No issues had arisen since the last Audit Committee meeting.

Finance and Management Information Department structure and leadership team

26. The committee noted an update on the finance department structure and leadership team (paper **AC.13(15)**). It was noted that following changes to professional service departments, Finance and Management Information (FMI) had been created by combining the Finance department with elements of the Registry function. The purpose of the new department is to lead the

finance function and facilitate business planning and corporate performance review.

27. Divisions within FMI are financial control; planning, information and reporting (including elements of the Registry); fees and bursaries; procurement; and systems and business continuity.

Matters to report to the Board

28. The committee requested that the outcomes of the continuous auditing of student data and of the data security internal audit, an update on the speak up advice line, and the internal audit tender (see minute below) are reported to the Board meeting of 14 May 2015.

Any other business

29. The committee congratulated Shachi Blakemore on her appointment as an independent governor of the University.

Internal audit tender update

PwC and Grant Thornton left the meeting

30. In the absence of PwC, the current internal auditor, the committee noted an update on the internal audit tender process from the Chief Financial Officer. Three bids had been received for the internal audit contract. Following review, led by the Chairman of the Audit Committee, all three firms would be invited for interview on 13 March 2015. The Board of Governors would be asked to ratify the appointment at its meeting of 14 May 2015.

Date of next meeting

31. It was noted that the next meeting would be at 4pm on Thursday, 4 June 2015.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman

	PAPER NO: AC.01(15)
Paper title:	Minutes of the meeting of 30 October 2014
Board/Committee	Audit Committee
Date of meeting:	26 February 2015
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Andrew Owen, Chairman of the Audit Committee
Purpose:	To approve the minutes of the past meeting as a correct record and to approve for publication

Matter previously considered by:	N/A	N/A
Further approval required?	No	N/A

Executive Summary

The Committee is asked to approve the minutes of its meetings of 30 October 2014 and the suggested redactions (in grey) for publication on LSBU's website.

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Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 30 October 2014
In room 1B27, Technopark, London Road, London, SE1

Present

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

External Auditors

David Barnes	Grant Thornton
Omadevi Jani	Grant Thornton

Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers
Justin Martin	PricewaterhouseCoopers

In attendance

Prof David Phoenix	Vice Chancellor and Chief Executive
Natalie Ferer	Financial Controller
Richard Flatman	Chief Financial Officer
Amir Rashid	Programme Director (<i>for minutes 19-21</i>)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

Welcome and apologies

1. Apologies had been received from Steve Balmont.

Declarations of Interest

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

Minutes of the last meeting

3. The minutes of the meeting held on 25 September 2014 were approved subject to minor amendments (paper **AC.52(14)**). The amended minutes were approved for publication subject to the proposed redactions.

Matters arising

4. There were no matters arising from the previous minutes which were not picked up elsewhere on the agenda.
5. It was reported that the first part of the HESES audit had been undertaken and had gone satisfactorily.

Audit findings

6. The committee discussed the audit findings document prepared by Grant Thornton, external auditors in detail (paper **AC.53(14)**). It was reported that the audit was substantially complete and that no material weaknesses had been identified.

Internal audit annual report

7. The committee noted the final internal audit annual report (paper **AC.54(14)**). The final report was unchanged from the draft which had been considered in detail at the previous meeting.

Going concern review

8. The committee noted the “going concern” review (paper **AC.55(14)**). The review supported the going concern statement in the annual report and accounts.

Draft report and accounts, 2013/14

9. The committee reviewed the draft report and accounts for 2013/14 (paper **AC.56(14)**). It was reported that the University made a surplus of £3.1m for the year which was well ahead of the forecast surplus of £2.5m.
10. The committee recommended the accounts to the Board for approval subject to minor amendments while the audit was being completed.

Letter of representation

11. The committee discussed the letter of representation to the auditors (paper **AC.57(14)**). The committee noted that the letter contained standard representations only and that no items had been inserted specific to LSBU. The committee recommended the letter to the Board for approval.

External audit performance

12. The committee noted that Grant Thornton, the external auditors, had achieved all of their agreed key performance indicators (paper **AC.58(14)**).

Review of non-audit services

13. The committee noted that during the year 2013/14 Grant Thornton had provided corporate tax advisory services with a value of £4,050 (paper **AC.59(14)**).

Internal controls – annual review of effectiveness

14. The committee noted the annual review of effectiveness of internal controls (paper **AC.60(14)**). The review underpins the statement of internal control in the statutory accounts. The final report was unchanged from the draft which had been considered in detail at the previous meeting.

Risk Register

15. The committee noted the corporate risk register (paper **AC.61(14)**).

Risk Appetite

16. The committee discussed the proposed framework for assessing the University's risk appetite (paper **AC.62(14)**). The framework was divided into four sections covering the following types of risk: 1) financial operation and investment; 2) legal compliance; 3) delivery of teaching and learning; and 4) reputation.
17. The committee recommended the proposed risk framework to the Board for approval. Detailed consideration of the Board's risk appetite in the four risk areas would be considered at a future Board strategy day.

Internal audit progress report

18. The committee noted a progress report on internal audit work (paper **AC.63(14)**). The continuous auditing of student data would begin shortly.

Internal audit report – Change Programme

Amir Rashid joined the meeting

19. The committee noted the internal audit report on the change programme, which was rated as medium risk (paper **AC.64(14)**).

Change Programme – risks and issues

20. The committee noted an update on progress of the change programme (paper **AC.65(14)**). The main issue of the programme currently was communications and engagement with staff.

Change Programme – informed decision making report

21. The committee noted an update on the four projects which made up the “informed decision making” theme of the change programme (paper **AC.66(14)**). Two projects were in development. The two live projects were rated amber due to timescales.

Amir Rashid left the meeting

Funding Assurance Report

22. The committee noted an audit report by AASG Funding Assurance on financial controls of research contract income from Research Councils UK, which was rated as satisfactory assurance (paper **AC.67(14)**).

Annual value for money report

23. The committee noted the annual value for money report (paper **AC.68(14)**) which demonstrated how the university had delivered value for money during 2013/14.

Draft audit committee annual report

24. The committee discussed the draft audit committee annual report (paper **AC.69(14)**). The committee’s main concerns were around ICT controls and the interdependencies of the change programme.
25. The committee approved the report subject to amendments as agreed with the Chairman of the Committee.

Anti-fraud, bribery and corruption report

26. The committee noted the anti-fraud, bribery and corruption report (paper **AC.70(14)**). One breach in financial regulations had been discovered around falsified timesheets since the last committee meeting. There was no evidence that the breaches were ongoing.

Speak up report

27. The committee noted the speak up report (paper **AC.71(14)**). No matters had been raised under the speak up policy since the last meeting.

Matters to report to the Board

28. The committee noted that the annual report and accounts and the audit committee annual report would be reported to the Board meeting of 20 November 2014.

Any other business

UK Visas and Immigration investigation

29. The committee received an update on the UK Visas and Immigration (UKVI) nationwide investigation into fraud on the TOEIC English language test used by international students to obtain student visas. UKVI had informed the University that it would be taking action against seven LSBU students. Further updates would be provided to the Board.

Date of next meeting

30. It was noted that the next meeting would be at 4pm on Thursday, 26 February 2015.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman



Committee Action Points

17 February 2015

10:47:18

Committee	Date	Minute	Action	Person Res	Status	
Audit	30/10/2014	3	Amendments to minutes	Secretary		<input checked="" type="checkbox"/> Completed
Audit	30/10/2014	11	Letter of representation to Board for approval	CFO	Approved by Board - 20 November 2014	<input checked="" type="checkbox"/> Completed
Audit	30/10/2014	17	Risk appetite framework to Board for approval	CFO	Approved by Board - 20 November 2014. Further discussion on risk appetite at Board strategy day of 23 April 2015.	<input checked="" type="checkbox"/> Completed
Audit	30/10/2014	25	Amendments to Audit Committee annual report to be agreed with Chairman. Report to be considered at Board meeting of 20 November 2014.	Secretary	Finalised with Chair and reported to Board at meeting of 20 November 2014.	<input checked="" type="checkbox"/> Completed

	PAPER NO: AC.02(15)
Paper title:	Change Programme update: Informed decision making
Board/Committee	Audit Committee
Date of meeting:	26 February 2015
Author:	Tom Kelly, Head of Programme Management Office
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide an update on projects within the Informed Decision Making theme of the change programme.

Executive Summary	
Context	<p>This paper gives:</p> <ul style="list-style-type: none"> • An update on project progress, key successes, risks and issues. <p>This information is correct as of 11 February 2015.</p> <p>The change programme is delivering a range of projects – ie interventions outside our business-as-usual, defined by time and scope – to achieve those aspects of the corporate strategy that represent significant change.</p> <p>The Informed Decision Making projects aim to enable better reporting and governance, ensuring decisions are based on robust data and information. These projects are currently:</p> <ul style="list-style-type: none"> • Management Committee Review • Corporate Performance Management of Data • Data Quality and Management • League Table
Question	What is the current progress of Informed Decision Making projects?
Conclusion & Recommendation	<ul style="list-style-type: none"> • That the committee note progress to date.

Informed Decision Making – status of projects and key successes

Projects delivering the Informed Decision Making theme are progressing well. Highlight reports are presented for the Corporate Performance Management and Data Quality projects. The *League Table* project has been completed and is in the process of transitioning to business-as-usual, ensuring continuous improvement going forward. The project closure report will be presented to the next Audit Committee.

Under the *Corporate Performance Management* project, the final suite of key performance indicators (KPIs) was developed and presented to the Board for approval on 12 February 2015. Appropriate benchmarking groups were agreed in Q4 2014. A draft list of PIs was compiled in Dec 2014 and is currently being refined and prioritised; data analysis will be started soon after. The initial design of the performance dashboards is in progress, and the anticipated completion date is March 2015.

Under the *Data Quality* project, a Working Group was identified and met for the first time on 3 February 2015. The session was well attended, with project objectives and deliverables agreed. Suggested roles and responsibilities for data assurance within the University are being worked on by a cross functional team. A proposal to establish a cross functional Data Assurance Group (DAG) was also agreed. The University currently uses SharePoint for some departmental document management activities and there was agreement in principle to use it to share corporate datasets in the short term whilst proper consideration is given to the most appropriate longer term solution.

A draft Data Management Policy was completed 2 February, and will be sent out for review by mid-February; approval is expected by the end of February. The Data Assurance Framework document is on target for delivery by late March.

The *Management Committee Review* aims to ensure timely and effective decision making, complementing work underway via the Effective Governance Review. The project is in design. Following discussion at Change Programme Board, 6 January 2015, management committees are being mapped across the organisation. Analysis and proposals for improvement will be presented to Programme Board, 18 March 2015.

Informed Decision Making – risks and issues

There are significant challenges to the *Corporate Performance Management* and *Data Quality* projects. The former will deliver a step change in the availability and application of performance information – which requires major effort and development of systems. These issues are flagged but solutions are currently being investigated. Similarly, success of the *Data Quality* project will depend on managers

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and leaders embracing an enhanced approach across the organisation. This is flagged but plans to mitigate this issue are in development as noted in the highlight report attached.

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Project	Corporate Performance Management
Manager	Laura Bowes
Report date	11/02/15



Milestone	Due Date	RAG status	Commentary
D1.1 Suite of corporate KPIs agreed with Executive	31/8/14	Grey	KPIs agreed with Executive. Final approval from Board expected 12/2/15.
D1.2 Operational PIs, targets and owners agreed with Exec / Leads	30/11/14	Orange	Initial workshops were held in Nov/Dec to agree operational PIs. PIs are being revised and will be finalised in Feb prior to being reported to the Operations Board for adoption. Work underway to establish baseline and definitions/location of data however most of the operational PIs are held in local systems.
D1.3: Dashboard report formats agreed in principle	31/12/14	Orange	Draft dashboard produced for Exec/Board. Interim scorecard for priority KPIs/Pis produced w/c Feb 1. Work underway to refine business requirements for the dashboard (due w/c Feb 23).
D1.4: Development of reporting mechanisms to populate dashboards	31/7/15	Green	BIU working with Corporate & Business Planning on interim solution design. Objective is that the interim solution delivers a sub set of higher priority requirements but that the long term solution is designed and delivered under the Information Management Project at a later stage. RFI due to be sent out in Feb 2015.
D1.5: Reporting cycle signed off by Executive	31/12/14	Green	Draft reporting framework produced for Exec/Board.
D1.6: Framework for incorporation of dashboard data into operational planning and appraisal processes signed off	31/7/15	Green	
D1.7: Process in place for escalating poor performance against target PIs	31/7/15	Green	

Progress to date:

- KPIs agreed with Executive
- Interim scorecard developed
- Operational PIs - proposed at workshops
- Operational PIs - refinement and data analysis in progress
- Business requirements in progress

Key activities planned over next month:

- Work on refining and prioritising business requirements
- Work on defining and establishing baseline for agreed operational PIs
- Focus groups to finalise operational PIs – to report to Operations Board
- Start PI-related data analysis activities (metrics/formulas, data availability/structure)
- Reporting framework and draft dashboard to be fine-tuned following feedback

Comms required next month:

- Focus groups being held on operational PIs
- Report revised PIs to Operations Board
- Business requirements for review and approval

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High/critical risks and issues							Residual				
R/I	Description	P	I	Rating	Trend	Mitigations	Time scale	P	I	Rating	Current status
I	Data architecture and systems are not fit for purpose	M	H	High	Same	Manual collation of information and data being carried out which is resource intensive.		H	H	High	Most operational PIs identified are heavily reliant on local systems which will make reporting difficult without substantial investment or manual processes.

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Project	Data Quality and Management
Manager	Olajide Iyaniwura
Report date	11/02/15



Milestone	Due Date	RAG	Commentary
1.1 Establish data management policy	31/01/15	G	Draft policy document on track for delivery on the 2 nd February 2015
1.2 Identify all external data returns and establish mechanism for quality assurance	31/01/15	G	A set of External Returns have been identified. Document titled (Analysis of external returns made by LSBU - August 2014) refers. Mechanism for quality assurance to be discussed at the kick off session of the Data Management workshop on 3/02/15
1.3 Develop data governance arrangements	28/02/15	G	Approach to Data Governance arrangement planned for discussion at the scheduled Data Management workshop on the 3/02/15
1.4 Identify data sets across the university and allocate owners for each (including corporate datasets)	31/03/15	G	A list of agreed data sets have been issued by the business , ownership process to be discussed at the workshop of the 3 rd /02/15
1.5 Set up mechanism for sharing agreed corporately owned data and signing these off on an annual basis	31/03/15	G	Report on corporate datasets for 2014/15 to Exec 4 th Nov. Sharepoint site in development .
1.6 Develop framework and methodology for prioritising datasets and supporting data owners to address data quality across the university	30/04/15	G	

Progress to date:

- LSBU Data Assurance Working Group identified
- Group Kick-off meeting taken place
- Draft Data Management Policy out for review and planned for sign off by end February.
- Agreement in principle secured for method of sharing corporately held data.

Key activities planned over next month:

- Sign-off data management policy document
- Commence overall Data Assurance Framework document
- Agree the establishment of an LSBU Data Assurance Group (cross functional group)
- Trial the proposed corporate data sharing process
- Receive agreement on proposed quality assurance mechanism for external data returns

Decisions required from Programme Board:

None

Comms required next month:

- Institution of LSBU Data Assurance Group - DAG

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High/critical risks and issues							Residual				
R/I	Description	P	I	Rating	Trend	Mitigations	Time scale	P	I	Rating	Current status
R	Managers not taking ownership and accountability within the overall framework.	H	H	H	New	<ul style="list-style-type: none"> OD intervention to support cultural change Escalation process Internal audit spotchecks 		M	H	M	Framework yet to be developed.

	PAPER NO: AC.03(15)
Paper title:	14/15 Internal Audit: February Progress Report.
Board/Committee	Audit Committee
Date of meeting:	26 February 2014
Author:	PricewaterhouseCoopers, Internal Auditors
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide an update on progress against the internal audit plan for 14/15.

Executive Summary	
Context	The attached report provides an update on the internal audit plan for 14/15.
Question	Is internal audit progressing in accordance with the agreed plan?
Conclusion & Recommendation	<p>The 14/15 plan is now 56% complete, in line with the agreed profile of work, with the first continuous audit report on student data, and second continuous audit report on key financial systems being presented to this Audit Committee, along with the report into Data Security.</p> <p>50% of actions from previous reports falling due at this point had been completed, with 38% in progress, and the remainder superceded by the new report into data security.</p> <p>The other matters section details legal advice provided to the International office regarding the Home office approach to partnership arrangements, and a proposed change to report timing in relation to the phase 2 review of the Change Programme.</p> <p>The Executive recommends that Committee note the report.</p>

Matter previously considered by:	N/A	
Further approval required?		

*London South Bank
University*

Internal Audit
Progress Report
2014/15

February 2015

London South Bank
University

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Overview

Progress Summary

We have completed 56% of our internal audit programme for the year, which is in line with the agreed profile for our work. An outturn statement detailing assignments undertaken and actual activity for 2014/15 is shown in Appendix 1.

For this Audit Committee, we present:

- Three final reports:
 - Continuous Auditing: Key Financial Systems- Period Two (August 2014 to December 2014).
 - Continuous Auditing: Student Data - Period One (August 2014 to October 2014).
 - Data Security.

Findings of our Follow Up Work

We have undertaken follow up work on actions with an implementation date of 31/01/2015 or sooner. We have discussed with management the progress made in implementing actions falling due in this period. Where the finding had a priority of low or advisory, we have accepted management's assurances of their implementation; otherwise, we have sought evidence to support their response.

A total of 16 agreed actions have been followed up this quarter. 8 actions (50%) have been implemented and 6 actions (38%) are in progress. 2 actions (12%) have been recorded as superseded. These relate to outstanding findings from our 2012/13 review of Data Security; these actions are superseded by the findings from our 2014/15 report, presented in final to this Audit Committee. Progress details are summarised at Appendix 2.

Other Matters

Our Legal team have provided the International Office team with a memorandum summarising the changes proposed by the Home Office to sites and partnership arrangements and have offered the opportunity to provide any additional feedback received from the University on these changes to the Home Office.

We continue to review our Internal Audit Plan on an ongoing basis to ensure that it meets London South Bank University's risks. On that basis, we seek Audit Committee approval for the following revisions to our audit plan:

- Management has requested that we defer our second audit of the Change Programme until Quarter 4. This is because we completed Phase 1 in November 2014 and due to capacity issues within the University team to facilitate an audit in Quarter 2. An initial scoping meeting is planned for April 2015 to agree the scope of the second audit.

Recommendations

- That the Audit Committee **notes** the progress made against our 2014/15 Internal Audit Plan.
- That the Audit Committee **comments** on our reports of Continuous Auditing: Key Financial Systems – Period Two, Continuous Auditing: Student Data – Period One and Data Security.

Reporting Activity and Progress

Final reports issued since the previous meeting

Continuous Auditing: Key Financial Systems - Period Two

There has been a slight decline in controls this period: three systems have remained as green (Payroll, Accounts Receivable and General Ledger) but two areas have moved to amber (Accounts Payable and Cash).

The movements to amber were due to the following findings:

Accounts Payable

- 1/25 suppliers tested had a duplicate account.

Cash

- Monthly bank reconciliations are performed and reviewed by the Treasury team. This includes reconciling items relating to KX (the student accommodation system). These are reported to the KX administrator who is responsible for reconciling and correcting these items.

When we reviewed the bank reconciliation we identified that there were a large number of reconciling items are present on Agresso, a significant portion of which are more than 6 months old. We tested 10 reconciling items which were dated between 13 months and 21 months old and had values between £300 and £1,384.

- Cash receipting responsibilities within the QLX and KX systems should be restricted to appropriate individuals. Management were not able to provide us with a system-generated list of users and their access levels directly from the KX system. Without a system generated report it is not possible to confirm if user listings are complete; this could mean management are unable to check whether all users have appropriate access.

Our overall summary of performance is below. This is determined with reference to the extent or monetary impact of the exceptions we identified in the course of our work. The numbers in brackets indicate the number of operating effectiveness exceptions identified.

System	Trend	2014/15		2013/14		
		P2 2014/15 (01/08/2014 – 30/11/2014)	P1 2014/15 (01/05/2014 – 31/07/2014)	P4 2013/14 (01/02/2014 – 30/04/2014)	P3 2013/14 (01/11/2013 – 31/01/2014)	P2 2013/14 (01/08/2013 – 31/10/2013)
Payroll	↔	● Green (2)	● Green (1)	● Green (0)	● Amber (2)	● Amber (3)
Accounts Payable	↓	● Amber (1)	● Green (0)	● Green (0)	● Amber (2)	● Green (0)
Accounts Receivable	↔	● Green (1)	● Green (0)	● Green (0)	● Green (0)	● Amber (2)
Cash	↓	● Amber (0)	● Green (0)	● Green (0)	● Green (0)	● Green (1)
General Ledger	↔	● Green (0)	● Green (0)	● Green (1)	● Green (0)	● Amber (1)

Continuous Auditing: Student Data - Period One

Our Student Data Continuous Audit programme tests key controls associated with data quality on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls.

The table below summarises the overall performance rating for student data this period. This is based on the number and severity of findings noted each period. We classified the overall area as *medium risk*.

Control	Risk Area	P1 2014
S1	Following a student record being created in QLS at the application stage, appropriate checkpoints are performed prior to fully enrolled ('EFE') status.	-
S2	On enrolment a full ID check is performed and all required paperwork is obtained, reviewed and retained.	5
S3	Supporting documentation is obtained and retained to ensure Tier 4 requirements are met.	4
S4	Attendance reports are generated by schools to identify periods of non-attendance and are investigated.	-
S5	Supporting evidence is obtained prior to processing any course changes or withdrawals.	8
S6	Supporting documentation is retained for all change of circumstances. Changes of circumstances are processed on a timely basis. This testing is restricted to the testing of withdrawals	3
S7	Exception reports are run to identify changes made to student module data and are investigated.	1
S8	Evidence is retained to support any changes.	2
S9	Non-conformance reports (NCRs) are generated and investigated.	1
S10	All new users of the QLS system must complete an authorisation form which is authorised by their line manager and IT prior to system access.	6
S11	Leavers are removed from the system on a timely basis.	-
S12	Exception reports are run to monitor: <ul style="list-style-type: none"> • Students do not enrol • Withdrawals, interruptions and instances where a student finishes earlier than expected • Significant changes of circumstances occur • Visa expiry dates are upcoming 	-
Total		30

Data Security

Our 2012/13 review of IT controls was classified as high risk and identified numerous issues arising from weak logical and physical controls and inadequate authorisation processes for user administration. This review has examined the current status of controls for data security.

3 *high risk* issues have been noted:

- There is no documented procedure for ICT user administration and the IT Security Policy has not yet been approved or distributed.

Starters and leavers listings can be obtained from HR reports or the Phonebook but these two systems are not integrated, for example, when we obtained our leavers listing the HR report identified 245 leavers, the Phonebook showed 154 and ICT were unable to confirm if AD access had been disabled for 10/30 leavers because of discrepancies between the Phonebook and HR system.

We also found that 3/30 leavers still had active AD access despite leaving the University over one month ago and that 2/30 starter forms could not be located. This was because they were both issued at the Havering campus where no forms are retained.

ICT are not notified when an individual has moved within the University and ICT are unable to generate a report showing movers within the organisation. During testing of leavers we found 1 instance where a staff member had subsequently become a student. Although their AD access had been disabled, there is no record of when the account was disabled.

We also reviewed the process for granting privileged access to AD. We found that there is no documented process outlining how AD domain administrative user accounts should be created, amended or removed. There are 22 AD domain administrator accounts. 9/22 accounts were role based accounts, which are higher risk as they are not assigned to a specific user.

- There is no written policy outlining the University's approach to physical security. We also visited 5 ICT storage areas to confirm that these were only accessible to specific ICT staff and found 2/5 buildings had active ICT network equipment that was accessible to anyone in the building.

- We identified that USBs can be used on the network to remove information and LSBU are not able to determine what information has been taken off the system, it is not mandatory for mobile devices to be encrypted - users have the ability to 'opt out' through a disclaimer form, desktop devices are not encrypted except in situations where users are specifically identified as dealing with sensitive data and when we requested a report of encrypted devices to determine whether they were actively encrypted, 43/252 laptops were listed as 'Null', this is caused by encryption not being completed on these devices. The password policy has not been reviewed since April 2012.

We also noted three *medium risk* findings:

- The University do not perform regular reviews of AD accounts and although management confirmed that reviews of AD domain administrative accounts had been performed, evidence of this is not retained so we could not confirm if this occurred.
- There is no mandatory data security training and while an e-module is available, this is not widely publicised to staff.
- Management receive a weekly report of all attacks to the network. This is included in a monthly management report. However, no minutes are taken and there is no evidence of plans to deal with attacks being created. We also found job titles and outlined roles do not include data security responsibilities and the process for reporting information security incidents is not documented.

Appendix 1 – Plan Progress

The table below summarises our current progress against the reviews in our 2014/15 Internal Audit Plan.

Days	ToR	Field work start	Exit Meeting	Final Report	Report Classification	Total findings	Ratings				
							Critical	High	Medium	Low	Advisory
Quarter 1: August 2014 – October 2014											
Continuous Auditing: Key Financial Systems - May 2014 to July 2014											
14 (14)	06/08/2014	11/08/2014	22/08/2014	08/09/2014	N/A	1	-	-	-	1	-
Change Programme – Phase 1											
6 (6)	12/08/2014	13/08/2014	04/09/2014	16/10/2014	Medium	5	-	-	2	3	-
Quarter 2: November 2014 – January 2015											
Continuous Auditing: Key Financial Systems - August 2014 to December 2014											
13 (13)	06/08/2014	19/01/2015	28/01/2015	12/02/2015	N/A	-	-	1	1	1	-
Continuous Auditing: Student Data - August 2014 to October 2014											
15 (15)	07/11/2014	10/11/2014	21/11/2014	16/01/2015	N/A	-	-	-	-	-	-
Data Security											
10 (10)	14/01/2015	19/01/2015	23/01/2015	12/02/2015	High	6	-	3	3	-	-
Quarter 3: February 2015 – April 2015											
Continuous Auditing : Student Data - November 2014 to May 2015											
15 (0)						-	-	-	-	-	-
Quarter 4: May 2015 – July 2015											
Continuous Auditing – Financial Controls (January 2015 – April 2015)											
13 (0)						-	-	-	-	-	-
Change Programme – Phase 2											
9 (0)											
Risk Management											
10 (0)						-	-	-	-	-	-
Other											
20 (12)	Planning, contract management, reporting, value for money and follow up										
Total	125 (70)										

Appendix 2 – Follow Up

Implemented

<i>Review</i>	<i>Agreed action</i>	<i>Risk rating</i>	<i>Status</i>	<i>Original due date</i>
Risk Management 2013/14	The Statement of Risk Appetite will be reviewed and amended by the Corporate & Business Planning Manager, in conjunction with the Executive group and Board of Governors, to ensure that LSBU's risk appetite is properly defined and aligned to the university's strategic objectives. This will also be considered within the development of the Strategic Plan 2015-20. The risk assessment and escalation processes will be reviewed to ensure that qualitative and quantitative aspects are considered, and that a clearly defined escalation process will be included.	Medium	A new risk appetite framework was developed and approved by Audit Committee and the Board of Governors in November 2014. A survey is being developed for collection of board views on the framework and an approach to risk, and this will be developed into a further paper for discussion and agreement of the LSBU appetite allocation on this framework at the May 15 board meeting.	31/12/2014
Risk Management 2013/14	The Change Programme risk register will be updated to capture the operational risks relating to the transition process following the university's planned restructure in August 2014.	Low	The Vice Chancellor has agreed that the Change Programme should not focus on operational issues relating to the re-structure, and that issues relating to the restructure should be managed through regular review by the Operations Board. Transition risks will be identified at an operational level in local risk registers by the constituent parts of the University and risk at a corporate level addresses this in risk 397.	30/09/2014 30/11/2014
Payroll Implementation 2013/14	User access is reviewed on an ongoing basis as part of our continuous audit programme. We will perform periodic reviews of user activity to ensure that access is being used appropriately.	Advisory	There is no formal to review user access on a periodic basis. User access is maintained by one of two people in the payroll team and as such is tightly controlled through the set-up of the user's profile. I do see a monthly report of user access which allows me to check who has accessed the system and what they were doing. I do this as part of my monthly review of the payroll.	31/08/2014
Payroll Implementation 2013/14	A system change document will be developed and any changes made to i-Trent post-implementation will be authorised appropriately and recorded for future reference.	Advisory	Implemented.	30/09/2014
Change Programme: Phase 1 2013/14	The design phase is the preparatory work undertaken prior to project implementation. Options analysis is undertaken and presented in the financial business case, previously done alongside development of the PID – for example, for the	Medium	The PID includes alternative options and assumptions. LSBU have agreed not to include dis-benefits as a separate section as this is covered through benefits, risks and issues on the template	30/11/2014

	<p>EDISON project. For the two identified in the finding above, the finding didn't require a financial business case. The PID and financial business case are now being amalgamated. All PIDs going forward will now include a space for options analysis.</p> <p>Management will consider expanding the PID template to provide the Executive with further information to inform a decision to approve that a project moves into delivery, and support the early resource investment decisions. This will include:</p> <ul style="list-style-type: none"> • Expected dis-benefits; benefits are clearly stated in Project Initiation Documents and quantified wherever possible. • We note that deliverables are already detailed in the PID with a statement of how they will be achieved, including assumptions. However, we will consider if this can be expanded to include a clear list of the assumptions upon which the programme plan and deliverables were underpinned. 			
Change Programme: Phase 1 2013/14	<p>Decisions for the Programme Board are now included in the highlight report template.</p> <p>Dependencies will be added to the template.</p>	Low	<p>Decisions for programme board are now included. Dependencies are not added to this report but are mitigated through milestone reporting which should draw out if these will be met or missed and that individuals are expected to define what else is affected if this is not met or if it is achieved. There is also a risk and issues section which can highlight if any dependencies are affecting progress for the particular project.</p>	31/10/2014
Change Programme: Phase 1 2013/14	<p>The Change Programme office have already included key decisions in documents from change programme meetings,</p>	Low	<p>Implemented at time of audit.</p>	With immediate effect
Change Programme: Phase 1 2013/14	<p>PIDs are appraised against criteria to highlight any significant gaps for reworking before submission and approval by the Programme Board (including all Executive members). Feedback to project managers, following appraisal, is logged. A fuller audit trail of all appraisal comments, revisions and reappraisals, will be maintained going forward.</p> <p>The programme recognises the learning points suggested against the Performance Management PID, and will ensure the relevant quality criteria are better observed by future projects.</p>	Medium	<p>Implemented at time of audit.</p>	With immediate effect

In progress

<i>Review</i>	<i>Agreed action</i>	<i>Risk rating</i>	<i>Status</i>	<i>Original due date</i>	<i>Revised due date</i>
Business Continuity 2013/14	<p>We will develop a detailed programme plan with completion dates for approval by the BCSG. Achievement against this will be monitored via a high level RAG chart which will be published periodically to relevant parties.</p> <p>The BCSG Terms of Reference will be updated to reflect a wider scope of activities. This will include coordination of exercises and review of business continuity risk. To be incorporated within suggested management action #1. The production of a BCM programme plan, aligned to the strategy identified in the BCM Framework will provide a clear indication of the activities required. The BCSG will manage an actions log to ensure delivery of the programme, holding management to account where activities are not completed and escalating issues where required.</p>	Medium	The first meeting of the re-configured Business Continuity Steering Group is scheduled for 26th February. Preparation work in respect the proposed terms of reference and the strategic business impact analyses has already been undertaken. However we will not have agreement of objectives or understanding of achievable time-frames until that meeting has been held. We propose revision of the due dates of those two actions to 30th June.	30/09/2014 31/01/2015	30/06/2014
Business Continuity 2013/14	<p>Strategic Business Impact Analyses will be conducted involving senior management to identify which products and services should be prioritised for recovery. Recovery objectives will be agreed. This will drive the top down approach to ensuring support of the University's overarching and strategic capabilities</p> <p>As previously planned, recovery point objectives (RPOs) will now be included within business impact analyses (BIAs). Once all BIAs and BCPs have been completed, the results of these will be consolidated for ICT in order to provide clearer guidance in respect of RPOs.</p> <p>A BCM Risk Register will be maintained and reviewed as a standing item at the BCSG. We will use the University's 4Risk software to establish a risk register as a basis for further decisions and action.</p>	Medium		30/09/2014 31/01/2015	30/06/2014
Office of the Independent Adjuicator (OIA) 2013/14	The University is already working with faculties to iron out inconsistencies of approach. This will be further facilitated through the Student Records Development Team, who will ensure a follow-up review of process at the end of semester 1, to monitor progress and further eliminate inconsistency.	Advisory	These actions fall within the remit of the Change team which has been reviewing ex-Faculty processes. This has been referred to the Student Records Delivery Team (SRDT) to review.	28/02/2014 31/10/2014	30/04/2015
OIA 2013/14	Issues have been numbered, above, to facilitate cross-reference to actions:	Advisory		1: 30/11/2013 2: With	30/04/2015

	<p>1. A forthcoming review of the procedure will change the wording to reflect the fact that a few courses do not require the check.</p> <p>2. All students declaring a disability are communicated with to promote DSA and to invite them to make an appointment with the service. There is much publicity and communication already in place to drive students to make appointments with the DDS Team. The process, beyond the point of admission, however, is not formal, and a more comprehensive communications plan is being considered.</p> <p>3. A review will look at changing the procedure, which is at present impossible to comply with. Students declare a disability at admission, but not its complexity, and even if the pre-entry form is completed, it does not always draw the full complexity of a case out. At the moment Advisers will invite a Course Director to an initial meeting if the needs are clearly complex from the pre-entry form, but for students whose complexity emerges at the meeting or later, they will involve the Course Director in another way. A review of procedures will formalise the involvement of the Course Director.</p> <p>4. Adviser Appointments are automatically booked for 20 days after the assessment, to allow time for the report to be written. We find it unusual for the report not to have been written in time, and, given the number of students is 5, suggest that the reason for missing the deadline is most likely to be that the students did not attend the feedback appointment and another, later appointment had to be made. This would record the feedback as late. The wording of the procedure will be amended.</p> <p>5. The lack of signed data protection forms is regrettable. We will look at the process again, and consider whether this is something that might be dealt with at enrolment.</p>			<p>immediate effect</p> <p>3: 31/07/2014</p> <p>4: 30/11/2013</p> <p>5: 31/08/2013</p> <p>All - 30/10/2014</p>	
OIA 2013/14	<p>In relation to the handling of student complaints, the executive's aim is to achieve informal resolution at Stage 1 by the Pro Dean of the relevant faculty. This means the complaint is resolved in a timely way, allowing the student to prioritise their studies and avoids entrenchment in the later stages of the formal process.</p> <p>With this in mind, the following actions will be taken to mitigate the risks identified in section 5 (above).</p> <p>A. The complaints procedure requires the complaint to be</p>	Advisory		<p>31/10/2014</p> <p>31/12/2014</p>	30/04/2015

	<p>handled by a senior manager within the relevant faculty. The complaints team will provide a refresher session for the four Pro Deans responsible for student complaints (plus their nominees) to cover best practice.</p> <p>B. Under the complaints procedure, it is best practice for decisions affecting students to be made at the level of Pro Dean or above. The refresher session will address this point.</p> <p>C. The complaints team will review the time limits and deadlines in the complaints procedure and make a recommendation to Academic Board as to whether they are fit for purpose or otherwise.</p> <p>The intention of the complaints procedure is that the handling of the case is led by the Pro Dean of the relevant faculty. The refresher session will address how Pro Deans and their senior colleagues may review and report on progress of cases, including keeping the student informed.</p>				
<p>Change Programme: Phase 1 2013/14</p>	<p><i>PwC recommendation</i></p> <p>We would suggest that management:</p> <p>A) Expand the Risk and Issues Log to include (for Risks):</p> <ul style="list-style-type: none"> • The risk cause (to supplement the risk description); • The treatment strategy (for example “Tolerate” or “Accept”); • The date of next required review (for each Risk); and • Any related issues. <p>B) Expand the Risk and Issues log to include (for Issues):</p> <ul style="list-style-type: none"> • Issue category (for example “Technical issue” or “Resource issue”); • The effect of the issue (to supplement the issue description); • The date by which the mitigation action should be completed (for every Issue); and • Any related risks. <p><i>Management response</i></p> <p>We do not agree that adding these fields will strengthen our risk/issue approach, but will complicate it. The risk/issue management approach is designed to focus on specific problem and practical responses, rather than the more theoretical</p>	<p>Low</p>	<p>This has been left open and will be re-reviewed as part of Phase 2 of work.</p>	<p>31/12/2014</p>	<p>31/07/2015</p>

	elements, for example treatment strategy. The date of the next risk review is always the next Programme Board, and dates for mitigation actions are set and tracked.				
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Superseded

<i>Review</i>	<i>Agreed action</i>	<i>Risk rating</i>	<i>Status</i>	<i>Original due date</i>	<i>Revised due date</i>
IT Controls and Phishing 2013/14	<p>A. The use of the Phonebook system as the ‘golden record’ for staff will be examined along with replacing the CAMS system. A propriety identity management solution will be procured that includes approval processes for user accounts and audit trails for changes.</p> <p>B. See (a) – Phonebook should not be the trigger system for ICT accounts.</p> <p>C. A review of user accounts will be undertaken against staff leavers. People that have left will be removed from the system</p>	High	These findings have been closed as they are superseded by findings from our 2014/15 review of Data Security.	<p>A. 31/12/2013</p> <p>B. 31/12/2013</p> <p>C. 31/08/2013</p>	<p>A. 31/12/2014</p> <p>B. 31/12/2014</p> <p>C. Implemented</p>
IT Controls and Phishing 2013/14	<p>A. A logical security policy will be written and implemented. LSBU is currently tendering to appoint a Managed Security Service provider and they will be consulted to ensure that an appropriate policy is put in place.</p> <p>B. Following agreement of the Security Policy, the password strength and maximum age will be adjusted. Steps have already been taken to prevent users from re-using their old password immediately.</p> <p>C. Security logs will be exported to an external server as part of the Managed Security Service and this will also include a forensic element to follow-up on incidents.</p> <p>D. The use of privileged account passwords that don’t expire will be examined and expiration dates set. The “Install” account will be stopped from being used.</p>	High		30/09/2013	31/12/2014



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	PAPER NO: AC.04(15)
Paper title:	Continuous Audit Report into Key Financial Systems ; Aug – Dec 2014
Board/Committee	Audit Committee
Date of meeting:	26 February 2015
Author:	PricewaterhouseCoopers, Internal Auditors
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide the second report for the continuous audit of key financial systems during the internal audit plan for 14/15.

Executive Summary	
Context	The continuous audit for finance no longer takes place quarterly, and this report relates to the testing in January 2015, for the period August – December 2014.
Question	Are financial controls operating effectively?
Conclusion & Recommendation	<p>The report rates three areas as remaining green, but found there to be slight deterioration in rating applied following the testing completed in Accounts Payable and Cash.</p> <p>In cash this relates to control design issues arising from extension of the testing to include reconciliation of the halls residence transactions carried out by a separate team using the KX system. The AP exception related to a duplicate supplier.</p> <p>The detailed findings are in section 2 on page 4 of the report, with the control design findings on page 11.</p> <p>The Executive recommends that Committee note this report.</p>

Matter previously considered by:	N/A	
Further approval required?		

Internal Audit Report 2014/2015

Continuous Auditing: Key Financial Systems

*Period Two (1st August 2014 – 31st December
2014)*

FINAL

February 2015

London South Bank
University

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Distribution List

For action:	Natalie Ferer (Financial Controller)
For information:	Richard Flatman (Director of Finance)
	John Baker (Corporate & Business Planning Manager)
	Audit Committee

This report has been prepared by PwC in accordance with our contract dated 21/07/2010.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Higher Education Funding Council for England's (HEFCE) Memorandum of Assurance and Accountability (MAA). As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. Executive summary

Background and approach:

The purpose of our Continuous Auditing programme is to test key controls on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls. The systems included within the scope of our work in 2014/15 are:

- Payroll;
- Accounts Payable;
- Accounts Receivable;
- Cash; and
- General Ledger.


























We have outlined the controls we will be testing in Appendix 2. These have been identified through our annual audit planning process and meetings with management to update our understanding of the control framework in place. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University (LSBU).

Our detailed findings are set out in Section 2 of this report. A summary of our findings and the matters arising in the course of our work this period is set out below.

System summaries

Our summary below is determined with reference to the extent or monetary impact of the exceptions we identified in the course of our work (our rating criteria are set out at Appendix 1).

Note: our ratings are based on the number and severity of findings noted for controls tested as part of the programme. This does not consider control design issues – these are individually risk rated.

System / Rating	P2 2014/15	P1 2014/15	P4 2013/14	P3 2013/14	Trend
Payroll	 Green	 Green	 Green	 Amber	
Accounts Payable	 Amber	 Green	 Green	 Amber	
Accounts Receivable	 Green	 Green	 Green	 Green	
Cash	 Amber	 Green	 Green	 Green	
General Ledger	 Green	 Green	 Green	 Green	

Findings and recommendations

Payroll

- 2 operating effectiveness exceptions have been noted this period.

Accounts Payable

- 1 operating effectiveness exception has been noted this period.

Accounts Receivable

- 1 operating effectiveness exception has been noted this period.

Cash

- Two control design exceptions have been raised:
 - Monthly bank reconciliations are performed and reviewed by the Treasury team. This includes reconciling items relating to KX (the student accommodation system). These are reported to the KX administrator who is responsible for reconciling and correcting these items.













A large number of reconciling items are present on the Agresso statement, a significant portion of which are more than 6 months old. We tested 10 reconciling items which were dated between 13 months and 21 months old and had values between £300 and £1,384.
 - Cash receipting responsibilities within the QLX and KX systems should be restricted to appropriate individuals. Management were not able to provide us with a system-generated list of users and their access levels directly from the KX system. Without a system generated report it is not possible to confirm if user listings are complete; this could mean management are unable to check whether all users have appropriate access.

General Ledger

- No operating effectiveness or control design exceptions have been noted this period.

2. Detailed findings

Payroll

Key control	Exceptions* P2 2014/15	Details on exceptions	Exceptions P1 2014/15	Exceptions P4 2013/14	Exceptions P3 2013/14
P1 Authorised and accurate new starter forms are received prior to an individual being entered on to the Payroll system.					
P2 Leaver forms are received from HR upon notification of resignation or redundancy.					
P3 The BACS run is reviewed by the Financial Controller and a Payment Release Form completed.					
P4 Exception reports are produced and reviewed as part of month-end procedures, before the payment run is authorised.**					
P5 Variation forms, with supporting documentation, are received prior to any changes being made to standing data.					
P6 Access to the Payroll system is restricted to appropriate personnel.					
P7 Appropriately authorised overtime claim forms and timesheets are received prior to payment being made.					

<p>P8 Monthly reconciliations are performed between the General Ledger and the Payroll system. These are prepared and reviewed on a timely basis, with supporting documentation and reconciling items are investigated on a timely basis.</p>		<p>The November reconciliation was not reviewed until 21/01/2015.</p> <p>Responsibility for action: Natalie Ferer, Financial Controller</p> <p>Management response: The Financial Accountant already sends the Financial Controller an email each month when some the monthly reconciliations are ready for review and he includes the net pay reconciliation in the reminder.</p> <p>The net pay reconciliation should also be filed with the subsequent months payroll so the Financial Controller can review it at the time she checks the Payroll to ensure that any payments made outside the Payroll have been correctly processed and accounted for.</p>			
<p>P9 Expenses are supported by appropriately authorised claim forms.</p>		<p>1/25 expense claims was not dated by the authoriser so we cannot confirm if this was authorised prior to payment.</p> <p>Responsibility for action: Natalie Ferer, Financial Controller</p> <p>Management response: Checking signatures is a manual process and in this case the absence of a date was overlooked. Expense claims are not processed unless authorised and we are satisfied that the current process ensures only authorised expense claims are paid.</p>			

* Performance is indicated either as 'green' or 'red'. 'Green' indicates that there were no operating effectiveness issues noted during the testing period. 'Red' indicates that an exception was identified. Control design issues are raised separately with individual risk ratings.

** This included the following reports: Errors and warnings reports (i.e. processing issues encountered); Payroll differences (difference between each element between two periods, with tolerances of between 5% and 10%); Gross pay over £6,000; Number of staff paid in comparison to previous month with subsequent reconciliation; Starters and leavers for the period; Element differences between two periods for overtime and bonuses; and, HMRC payments.

Accounts Payable

	Key control	Exceptions P2 2014/15	Details on exceptions	Exceptions P1 2014/15	Exceptions P4 2013/14	Exceptions P3 2013/14
AP1	<p>Authorised documentation must be received prior to the creating a new or amending a supplier record.</p>	●	<p>1/25 suppliers had a duplicate account.</p> <p>Responsibility for action:</p> <p>Penny Green, Head of Procurement</p> <p>Management response:</p> <p>A member of staff should check the supplier database to see if a supplier is set up on Agresso before requesting a new supplier is set up. A member of the Procurement team should also check that the supplier request is not a duplicate. In this case both the requester and Procurement failed to spot the duplication and a new supplier was set up.</p> <p>As part of the set up process, the new supplier is asked to complete a form. A question will be added to this form asking if the supplier has previously supplied LSBU and Procurement will check the response before setting up a new supplier on Agresso. In addition a review of supplier requests will be performed to see if further guidance should be issued to staff to reduce the risk of duplicate suppliers being created.</p>	●	●	●
AP2	<p>Invoices are approved for payment by an appropriately authorised individual.</p>	●		●	●	●
AP3	<p>Invoices are matched to purchase orders for all expenditure prior to payment and variances investigated.</p>	●		●	●	●









AP4 BACS payment runs are reviewed by the Financial Controller prior to payment, with all invoices over £10,000 checked to supporting documentation.



AP5 Daily reconciliations are performed between the general ledger and the creditors control accounts. These are prepared and reviewed on a timely basis, with supporting documentation and reconciling items are investigated on a timely basis.























Accounts Receivable

Key control	Exceptions P2 2014/15	Details on exceptions	Exceptions P1 2014/15	Exceptions P4 2013/14	Exceptions P3 2013/14
AR1 Credit checks are performed on new customer accounts upon request, prior to the issue of sales invoices.					
AR2 Invoices are properly authorised on Agresso in line with the authorised signatory register.		<p>1/25 invoices had been authorised by an individual who did not have appropriate authorisation limits. The individual only had authorisation to approve invoices up to £10k; the invoice value was £11.5k</p> <p>Responsibility for action:</p> <p>Natalie Ferer, Financial Controller and Ravi Mistry, Financial Systems Manager</p> <p>Management response:</p> <p>The Authoriser concerned had recently had his authorisation limit reduced from £20k to £10k. During the time between Finance receiving the new authorised signatory form and the Finance Systems Manager updating Agresso being updated, an invoice request was raised and authorised.</p> <p>A service level will be introduced whereby Agresso will be updated within 7 working days of a fully compliant form being received in Finance. This service level will be communicated to staff and included on the form itself. If the Finance team need to raise a query regarding the new form, this will be done within 7 working days and at that point all relevant staff will be notified to reduce the risk of a transaction being authorised while the matter is resolved.</p>			

AR3	Reminder letters are sent to corporate debtors 30, 60 and 90 days following the invoice issue date in respect of invoiced debt.	●	●	●	●
AR4	Reminder letters are sent to individuals in respect of overdue fees on a monthly basis in line with policy.	●	●	●	●
AR5	Debts are written off only following appropriate review and authorisation.	●	●	●	●
AR6	Monthly reconciliations are performed between the debtors balance on the General Ledger and QLX.	●	●	●	●
AR7	Monthly reconciliations are performed between the debtors balance per QLX to QLS.	●	●	●	●
AR8	Monthly reconciliations are performed between the General Ledger and the debtors control accounts. These are prepared and reviewed on a timely basis, with supporting documentation and reconciling items are investigated on a timely basis.	●	●	●	●

Cash

	Key control	Exceptions P2 2014/15	Details on exceptions	Exceptions P1 2014/15	Exceptions P4 2013/14	Exceptions P3 2013/14
C1	Cash takings in respect of tuition fees and student residences as recorded on QLX are reconciled to cash balances held on a daily basis and discrepancies investigated.					
C2	Cash deposits made by Loomis are reconciled to records of cash takings on a daily basis.					
C3	Cash receipts per the general ledger are reconciled to QLX on a monthly basis. Cash receipts per the general ledger are reconciled to KX on a monthly basis.					
C4	Cash receipting responsibility within the QLX system is restricted to appropriate individuals. Cash receipting within the KX system are restricted to appropriate individuals.		Control design issue raised, see below.			
C5	Reconciliations are performed on a monthly basis between Agresso and the Bank Statement. These are performed by Treasury Team and reviewed on a timely basis (by the Financial Accountant), with supporting documentation and reconciling items are investigated on a timely basis.		Control design issue raised, see below.			

C4 – Cash receipting responsibility within the QLX and KX systems is restricted to appropriate individuals


Finding

Management were not able to provide us with a system-generated list of users and their access levels directly from the KX system.

Risk

User listings may be incomplete. This means they that may not be able to check whether all users have appropriate access.

Action plan

<i>Finding rating</i>	<i>Agreed action</i>	<i>Responsible person / title</i>
Medium Risk 	We are not able to generate a list of users who access receipting from KX. We will contact the software supplier to find out if a report can be generated to show user access or to show users who have accessed receipting during the period	Natalie Ferer, Financial Controller and ICT <i>Target date:</i> <hr/> 30/04/2015 <i>Reference number:</i> C4

C5 – Reconciliations are performed on a monthly basis between Agresso and the bank statement

Finding


Our review of bank reconciliations identified that there are a large number of reconciling items on Agresso which are over 6 months old. We testing 10 reconciling items which were dated between 13 months and 21 months old and had values between £300 and £1,384.

These items have been identified as online payments made by students for accommodation through the KX system. These should be addressed by the KX administrator.

Risk

Reconciling items can be symptomatic of a broader issue or represent risk to the business, for example reporting misstatements or substantial write-offs. If reconciling items are not investigated on a timely basis then it may become more difficult to establish the cause and rectify the problem.

Action plan

<i>Finding rating</i>	<i>Agreed action</i>	<i>Responsible person / title</i>
High Risk 	The reason for these items is being investigated but is likely that the transaction was recorded on KX in a way that it did not come through the interface to be posted on Agresso correctly. The items are being investigated and will be corrected. In addition the posting of journals and adjustments on KX is being transferred to Finance to improve the process of reconciliation between KX and Agresso	Natalie Ferer, Financial Controller and Kevin Bond, Head of Department - Residences <i>Target date:</i> <hr/> 28/02/2015 <i>Reference number:</i> C5

General Ledger

	Key control	Exceptions P2 2014/15	Details on exceptions	Exceptions P1 2014/15	Exceptions P4 2013/14	Exceptions P3 2013/14
GL1	Journals must be authorised, with supporting documentation, prior to being posted on the system.	●		●	●	●
GL2	On a monthly basis management accounts are prepared and significant variances against budget are investigated.	●		●	●	●
GL3	Suspense accounts are cleared or reconciled on a quarterly basis.	●		●	●	●
GL4	Balance sheet control accounts are cleared or reconciled on a quarterly basis.	●		●	-	-
GL5	Access to the general ledger is restricted.	●		●	●	●
GL6	No single individual has access to make changes to both the QLX and QLS systems.	●		●	●	●

Appendix 1. Assessment Criteria

System summary ratings

The finding ratings in respect of each financial sub-process area are determined with reference to the following criteria.

Rating	Assessment rationale
<p>●</p> <p>Red</p>	<p>A high proportion of exceptions identified across a number of the control activities included within the scope of our work; or</p> <p>Control failures which, individually or in aggregate, have resulted in the significant misstatement of the University's financial records.</p>
<p>●</p> <p>Amber</p>	<p>Some exceptions identified in the course of our work, but these are limited to either a single control or a small number of controls; or</p> <p>Control failures which, individually or in aggregate, have resulted in the misstatement of the organisations financial records, but this misstatement is not significant to the University</p>
<p>●</p> <p>Green</p>	<p>Limited exceptions identified in the course of our work</p> <p>Control failures which, individually or in aggregate, do not appear to have resulted in the misstatement of the organisations financial records.</p>

Control design improvement classifications

The finding ratings in respect of any control design improvements identified in the course of our work are determined with reference to the following criteria.

Rating	Assessment rationale
<p>●</p> <p>Critical</p>	<p>Critical impact on operational performance resulting in inability to continue core activities for more than two days; or</p> <p>Critical monetary or financial statement impact of £5m; or</p> <p>Critical breach in laws and regulations that could result in material fines or consequences over £500k; or</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability, e.g. high-profile political and media scrutiny i.e. front-page headlines in national press.</p>
<p>●</p> <p>High</p>	<p>Significant impact on operational performance resulting in significant disruption to core activities; or</p> <p>Significant monetary or financial statement impact of £2m; or</p> <p>Significant breach in laws and regulations resulting in significant fines and consequences over £250k; or</p> <p>Significant impact on the reputation or brand of the organisation, resulting in unfavorable national media coverage.</p>
<p>●</p> <p>Medium</p>	<p>Moderate impact on operational performance resulting in moderate disruption of core activities or significant disruption of discrete non-core activities; or</p> <p>Moderate monetary or financial statement impact of £1m; or</p> <p>Moderate breach in laws and regulations resulting in fines and consequences over £100k; or</p> <p>Moderate impact on the reputation or brand of the organisation, resulting in limited unfavorable media coverage.</p>
<p>●</p> <p>Low</p>	<p>Minor impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or</p> <p>Minor monetary or financial statement impact £500k; or</p> <p>Minor breach in laws and regulations with limited consequences over £50k; or</p> <p>Minor impact on the reputation of the organisation, resulting in limited unfavorable media coverage restricted to the local press.</p>
<p>Advisory</p>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2. Terms of Reference

London South Bank University

Terms of reference – Continuous Auditing 2014/15

To: Richard Flatman – Chief Financial Officer

From: Justin Martin – Head of Internal Audit

This review is being undertaken as part of the 2014/2015 internal audit plan approved by the Audit Committee.

Background

The purpose of our Continuous Audit programme is to test key controls on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls. Testing is undertaken three times a year and provides the following benefits:

- It provides management with an assessment of the operation of key controls on a regular basis throughout the year;
- Control weaknesses can be addressed during the year rather than after the year end; and
- The administrative burden on management will be reduced when compared with a full system review, in areas where there is sufficient evidence that key controls are operating effectively.

We have outlined the specific controls we will be testing in Appendix 1. These have been identified through our annual audit planning process and meetings with management to update our understanding of the control framework in place. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University (LSBU). Where the control environment changes in the financial year or we agree with management to revise our approach, we will update Appendix 1 and re-issue our Terms of Reference.

Our work touches upon the following areas that form part of our annual report to Audit Committee:

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
40	x	x	x	x	x

x = area of primary focus

x = possible area of secondary focus

Scope

The financial processes, key control objectives and key risks within the scope of our work are detailed below.

Financial process	Key control objectives	Key risks
Payroll and staff expenses	<p>Accurate payments are made to valid employees of the organisation.</p> <p>Accurate payments are made in respect of valid expenses claims.</p>	<p>Fictitious employees are established on the payroll and/or employees are established on the payroll incorrectly (e.g. incorrect pay scale).</p> <p>Payments are made in error to employees who have left the organisation and / or inaccurate final salary payments are made.</p> <p>Overtime or other timesheet based records are inaccurate leading to salary over / under payments.</p> <p>Invalid changes are made to employee salary and bank details leading to incorrect salary payments being made.</p> <p>Information transferred from the payroll system to the main accounting system is not complete and accurate.</p> <p>Expenses are incurred and reimbursed that are not allowable.</p>
Accounts payable	<p>Expenditure commitments are made with prior budgetary approval.</p> <p>Payments are made only following the satisfactory receipt of goods or services.</p> <p>Payments are made only to valid suppliers.</p>	<p>Payments are made for goods and services which have not been ordered, received or are inadequate.</p> <p>Invalid suppliers or supplier standing data is maintained leading to inaccurate or fraudulent payments.</p> <p>Information transferred from the accounts payable system to the main accounting system is not complete and accurate.</p> <p>Amounts due to suppliers for goods and services are overpaid.</p>
Accounts receivable	<p>Fee income is collected on a timely basis.</p> <p>Goods or services are delivered only to credit worthy customers.</p> <p>Debts due are collected promptly.</p>	<p>Inaccurate or incomplete records of student debts may mean income is not collected on a timely basis.</p> <p>Agreements are entered in to with customers prior to the performance of credit checks or credit limits are exceeded. This may mean debts are not recoverable.</p> <p>Overdue debtor balances are not identified and balances are not actively chased to ensure timely collection of debts and maximisation of income.</p> <p>Information transferred from the accounts receivable system to the main accounting system is not complete and accurate.</p>
Cash	<p>Cash ledger balances are accurate and complete.</p> <p>Cash is not lost or misappropriated.</p>	<p>Information transferred from the cash receipting systems to the main accounting system is not complete and accurate.</p> <p>Discrepancies between the ledger and till or float records are not promptly identified and investigated. This could mean cash balances are incomplete and / or inaccurate.</p>

General Ledger	Ledger balances are valid and accurate.	Invalid, incomplete or inaccurate journals are posted. This could disguise misappropriations or mean there is no evidence to support decisions made. Suspense accounts and balance sheet control accounts are not cleared on a timely basis. Segregation of duties is not maintained, this could compromise the validity and accuracy of general ledger information.
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Limitations of scope

Our work is not intended to provide assurance over the effectiveness of all the controls operated by management over these financial systems; the focus of our work will be limited to those controls which are deemed by management to be most significant to the system under consideration.

Our work will not consider the organisations IT security framework and associated controls in place.

Audit approach

We will undertake our testing three times a year, covering the following periods during 2014/15:

- Period 1: May 2014 – July 2014
- Period 2: August 2014 – December 2014
- Period 3: January 2015 – April 2015

Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	0207 212 4269 justin.f.martin@uk.pwc.com
David Wildey	Engagement Manager	0207 213 2949 / 07921 106 603 david.w.wildey@uk.pwc.com
Charlotte Bilsland	Audit Manager	07715 484 470 charlotte.bilsland@uk.pwc.com
Dan Barton	Continuous Auditing Manager	daniel.j.barton@uk.pwc.com
Harley Crossman	Continuous Auditing Technician	harley.crossman@uk.pwc.com
Jack Fludgate	Continuous Auditing Technician	jack.fludgate @uk.pwc.com

Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Richard Flatman	Chief Financial Officer (Audit Sponsor)	0207 815 6301 richard.flatman@lsbu.ac.uk	Review and approve terms of reference
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk	Review draft report Review and approve final report
Natalie Ferer	Financial Controller	0207 815 6316 ferern@lsbu.ac.uk	Hold initial scoping meeting Review and meet to discuss issues arising and develop management responses and action plan
Joanne Monk	Deputy Director of Human Resources	j.monk@lsbu.ac.uk	Audit contact
Jenny Laws	Deputy Registrar (Student Management Information Team Leader)	lawsjr@lsbu.ac.uk	Audit contact
Robert Ager	Acting Head of Procurement	agerr@lsbu.ac.uk	Audit contact
Ralph Sanders	Financial Planning Manager	sanderr4@lsbu.ac.uk	Audit contact
Brian Wiltshire	Treasury Manager	wiltshbl@lsbu.ac.uk	Audit contact
Penny Green	Head of Procurement	greenp7@lsbu.ac.uk	Audit contact
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Felicity Clarke	Payroll Team Leader	clarkef4@lsbu.ac.uk	Audit contact
Andrew Ratajczak	Manager; Fees, Bursaries and Central Enrolment	ratajca@lsbu.ac.uk	Audit contact

Timetable

	Period 1	Period 2	Period 3
Fieldwork start	11/08/2014	19/01/2015	06/05/2015
Fieldwork completed	22/08/2014	30/01/2015	15/05/2015
Draft report to client	01/09/2014	13/02/2015	29/05/2015
Response from client	05/09/2014	27/02/2015	12/06/2015
Final report to client	12/09/2014	06/03/2015	19/06/2015

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request
- Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

Appendix 3. Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Continuous Auditing, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the “Legislation”), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 21/07/ 2010. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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	PAPER NO: AC.05(15)
Paper title:	Continuous Audit of Student Data (period 1, 2014-15)
Board/Committee	Audit Committee
Date of meeting:	26 February 2015
Author:	PricewaterhouseCoopers, Internal Auditors
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide the report for the continuous audit of student data for period 1 within the internal audit plan for 14/15.

Executive Summary	
Context	The scope of continuous audit was widened to include student data for 14/15, and this report relates to the testing in November 2014, for the August – October period.
Question	Are the controls around student data operating effectively?
Conclusion & Recommendation	<p>The report findings are classified medium, with 30 exceptions identified in this new piece of regular audit work. The findings are detailed in section 2 on pages 3 – 5, including lack of supporting documentation or evidence on the InView digital storage system, a failure to evidence the checking of ID at enrolment, failure to complete new user forms for the QLS student record system, and lack of action plans relating to issues highlighted by the non-conformance reports.</p> <p>The audit also used computer assisted audit techniques (CAATS) to analyse the timetable information within IT systems presented to students through the MyLSBU data portal, and the findings from this are presented in section 3 on page 8.</p> <p>The Executive recommends that Committee note the report.</p>

Matter previously considered by:	N/A	
Further approval required?		

Internal Audit Report 2014/2015

Continuous Auditing: Student Data

Period One (1st August 2014 – 31st October 2014)

January 2015

**London South Bank
University**

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Distribution List

For action:	Andrew Fisher (Academic Registrar)
	Dave Lewis (Software Development Team Leader)
	Sheila Patel (Applications Support and Maintenance Team Leader)
	Lisa Upton (Deputy Academic Registrar – Acting)
	Nuria Prades (Senior International Officer – UK and non-EU Europe)
	Neil Gillett (Immigration and International Student Advice Manager)
For information:	Richard Flatman (Chief Financial Officer)
	John Baker (Corporate and Business Planning Manager)
	Andrew Ratajczak (Manager: Fees, Bursaries and Central Enrolment)
	Natalie Ferer (Financial Controller)
	Audit Committee

This report has been prepared by PwC in accordance with our contract dated 21/07/2010.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Higher Education Funding Council for England's (HEFCE) Memorandum of Assurance and Accountability. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. Executive summary

Background and approach

The Higher Education Funding Council for England's (HEFCE) Memorandum of Assurance and Accountability (MAA) states that the Audit Committee is required to produce an annual report for the governing body and the accountable officer. This report must include the Audit Committee's opinion on the adequacy and effectiveness of the University's arrangements for management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company (SLC), HEFCE and other bodies. Whilst there is no requirement for our internal audit programme to provide a conclusion over data quality, our 2014/15 internal audit programme has been designed to support the Audit Committee in forming its conclusion.


Our Student Data Continuous Audit programme tests key controls associated with data quality on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls.

We have outlined the specific controls we have tested in Appendix 2. These have been identified through our annual audit planning process and meetings with management. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University (LSBU).

Our detailed findings are set out in Section 2. A summary of our findings and the matters arising in the course of our work this period is set out below.

System summary

The table below summarises the overall performance rating for student data this period. This is based on the number and severity of findings noted each period. Our rating criteria are set out at Appendix 1.

System classification	Trend	Number of exceptions			
		Control	P1 2014	Trend*	Comments
Medium risk 	N/A – this is the first review of this area.	S1	-	N/a	* Trend has been marked N/a where this has been the first period of testing.
		S2	5	N/a	
		S3	4	N/a	
		S4	-	N/a	
		S5	8	N/a	
		S6	3	N/a	
		S7	1	N/a	
		S8	2	N/a	
		S9	1	N/a	
		S10	6	N/a	
		S11	-	N/a	
		S12	-	N/a	
		Total	30	-	

As part of our work, we also used computer assisted audit techniques (CAATS) to perform data mining procedures over a sample of courses and modules to confirm that student timetabling data is correct and to highlight any potential exceptions to management. Our findings are summarised in Section 3.

2. Detailed findings

Key control	Exceptions* P1 – 2014/15	Details on exceptions	Management comment
S1 Following a student record being created in QLS at the application stage, appropriate checkpoints are performed prior to fully enrolled ('EFE') status.	0	-	-
S2 On enrolment a full ID check is performed and all required paperwork is obtained, reviewed and retained.	5	<ul style="list-style-type: none"> In 3/25 cases, only one form of ID had been recorded as checked on the Enrolment Form. In 2/25 cases, the Enrolment Form did not record any evidence of ID checks being performed. 	<p>Management response: All 5 records relate to 'CPD_OPEN' enrolments which are managed locally by the school of HSC. We have raised the issue with the student administration manager for HSC who has arranged for me to attend a process review meeting with members of the team on 28/11/2014 to address these process failures.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>
S3 Supporting documentation is obtained and retained to ensure Tier 4 requirements are met.	4	<ul style="list-style-type: none"> In 3/25 cases, the Enrolment Form did not record evidence that 2 forms of ID had been checked. In 1/25 cases the Enrolment Form was not uploaded to InView. The form was later provided to the audit team. 	<p>Management response: It has been agreed with Nuria Prades that the process will be updated so that enrolment forms for students applying through the foundation campus will require evidence that 2 separate forms of ID have been checked. Nuria Prades who looks after the relationship with the Foundation Campus has confirmed that both IDs will be copied and attached to the enrolment paperwork as evidence in future. Storing a scanned copy of enrolment forms and other forms such as course change and withdrawal etc. on INVU is the agreed process for filing documents, essentially an online filing cabinet. However, we have not set a specific time frame around when filing should take place. We will discuss this at the next Student Records Meetings in January 2015.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>
S4 Attendance reports are generated by schools to identify periods of non-attendance and are investigated.	0	-	-

<p>S5 Supporting evidence is obtained prior to processing any course changes or withdrawals.</p>	<p>3</p>	<ul style="list-style-type: none"> In 1/25 cases the Change of Course form had not been signed as authorised. In 1/25 cases the second page of the Change Course Form, which contains the authorising signature, was not uploaded to InView. In 5/25 cases the Change of Course form had not been uploaded to InView at all. The form was later provided to the audit team. In 1/25 cases the Change of Course form had not been uploaded to InView and could not be located. 	<p>Management response: Failures due to missing/incomplete forms – we will review the Registry Process Guides on the Registry Handbook on these processes (interruption/ student withdrawal and change of course) and update/improve them where necessary. Once reviewed/updated we will circulate to course admin staff to ensure their knowledge is up to date. We will also discuss the feedback from this audit at the Student Records meeting in January 2015.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>
<p>S6 Supporting documentation is retained for all change of circumstances. Changes of circumstances are processed on a timely basis. This testing is restricted to the testing of withdrawals.</p>	<p>3</p>	<ul style="list-style-type: none"> 2/20 Withdrawal Forms were not uploaded to InView. The form was later provided to the audit team. 1/20 withdrawals was not performed on a timely basis (it took 21 days). 	<p>Management response: We will continue to work with course admin teams to improve the quality of module registration and imbed the process set out in the Module Registration Overview document in the Registry handbook. This item is a standing item on the Student Records meeting.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>
<p>S7 Exception reports are run to identify changes made to student module data and are investigated.</p>	<p>1</p>	<ul style="list-style-type: none"> An exception report was not produced for 1/2 months tested (September 2014). 	<p>Management response: We will continue to work with course admin teams to improve the quality of module registration and imbed the process set out in the Module Registration Overview document in the Registry handbook. This item is a standing item on the Student Records meeting.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>
<p>S8 Evidence is retained to support any changes.</p>	<p>2</p>	<ul style="list-style-type: none"> 2/5 student records had not been updated to reflect actions noted in the exception report tested at S7. <p>1 of the students should have had extra creditation for previous modules completed added to their student record. The other student should have had their module credit total raised from 60 to 120, but when checked by the audit team the student record only reflected a module credit total of 100.</p>	<p>Management response: We will continue to work with course admin teams to improve the quality of module registration and imbed the process set out in the Module Registration Overview document in the Registry handbook. This item is a standing item on the Student Records meeting.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>

S9	Non-conformance reports (NCRs) are generated and investigated.	1	<ul style="list-style-type: none"> 1/5 NCRs did not include an action plan. 	<p>Management response: The NCR process was initially introduced to cover failures to reenrol students within the agreed deadlines and was very helpful in revealing issues ranging from the need to provide better training and communication around the process and deadlines, as well as issues with the dates on curriculum. This allowed us to work on these issues and the level of NCRs relating to late reenrolment from 1st to 2nd year fell considerably. This academic year we are attempting to widen the use of NCRs to capture other areas of failure and will see if we can incorporate this into the next round of continuous auditing.</p> <p>We will investigate this exception and raise it with the individual concerned.</p>
S10	All new users of the QLS system must complete an authorisation form which is authorised by their line manager and IT prior to system access.	6	<ul style="list-style-type: none"> A new user form had not been completed for 6/20 new users. 	<p>Management response: In some instances this has identified a failure in the scanning of request forms. However, this does not explain all the failings. In some instances the requests have been made in an informal way. We will review the process and documentation.</p> <p>Owner: Lisa Upton, Deputy Academic Registrar -Acting</p>
S11	Leavers are removed from the system on a timely basis.	0	-	-
S12	<p>Exception reports are run to monitor:</p> <ul style="list-style-type: none"> Students do not enrol Withdrawals, interruptions and instances where a student finishes earlier than expected Significant changes of circumstances occur Visa expiry dates are upcoming 	0	-	-

* Performance is indicated either as 'green' or 'red'. 'Green' indicates that there were no operating effectiveness issues noted during the testing period. 'Red' indicates that an exception was identified. Control design issues are raised separately with individual risk ratings.

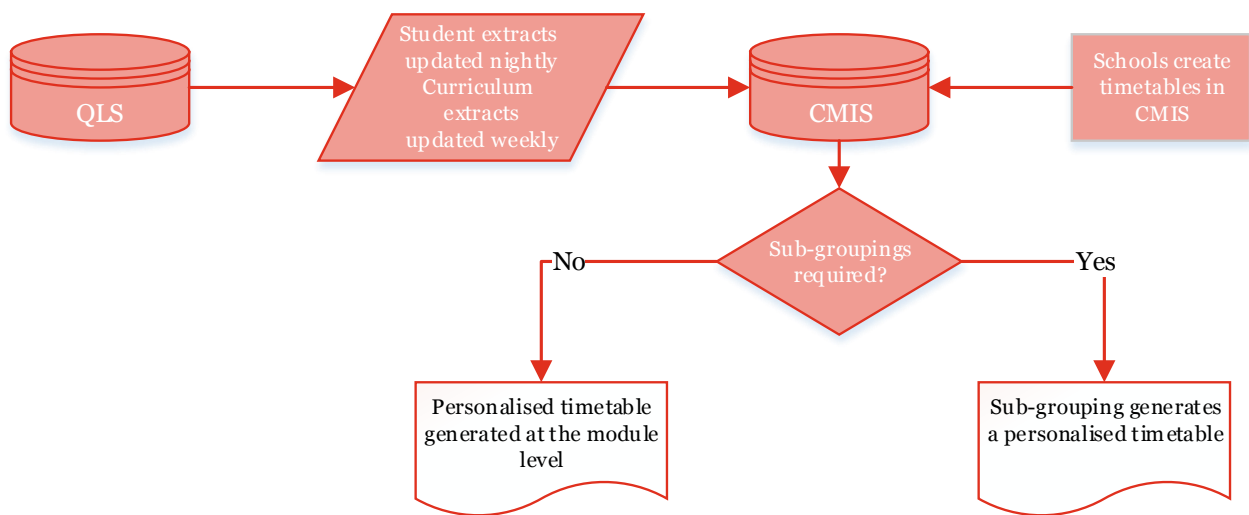
3. CAATs results

Background

Each student at LSBU should have a personalised timetable. This is based on the course and modules selected. Schools produce course timetables which are input into the timetabling system (CMIS). Where there are multiple students attending the same modules, the intake may be split into separate classes. Where separate classes are required, staff log in to the system and create sub-groupings of students. This data is input into the timetabling system to ensure students have correct personalised timetables.

The timeliness of the availability of the timetable is a key issue for LSBU to ensure that the student has the correct timetable from the start of their course. It is also easier to resolve errors identified at the beginning of term than those unaddressed later in the year.

A summary of the process is outlined below:



Management have highlighted that in some instances students do not have access to personalised timetables. This appears to be due to incorrect sub-groupings being logged on the system. We used data mining procedures to interrogate a sample of courses and modules to confirm that student timetabling data is correct and highlight any potential exceptions to management. This period we tested the following courses and modules:

- Courses: 3975 Adult Nursing, 670 Business Admin, 4 Law, 1086 Psychology, and 101 Architecture.
- Modules: EEA_5_007 Advanced Engineering Mathematics, BAF_5_BCL Business and Company Law, PGC_7_EIC Equality, Inclusion and Citizenship, UEL_6_EPI Event Planning and Impacts, and TOT_7_006 Leadership and Service Innovation in Occupational Therapy.

Tests performed

We performed the following tests:

Test	Description
1	We checked that for all instances where a student is in the QLS extract, the student is also enrolled on one of these 5 modules.
2	We checked that for all instances where a student is enrolled on a module they are also in the extract taken from QLS.
3	We checked that, for all larger modules, there are sub-groupings and that the modules and their sub-groupings contain the same students.
4	We checked that, for each course, the students affiliated with the timetable are listed in the QLS extract.
5	We checked that, for each course, the students listed in the QLS extract are linked to the course timetable.

- | | |
|---|---|
| 6 | We checked that, for each course, the students not recorded as fully enrolled in the course timetable are not in the QLS extract. |
|---|---|

The timeliness of the availability of the timetable is a key issue for LSBU to ensure that the student has the correct timetable from the start of their course. It is also easier to resolve errors identified at the beginning of term than those unaddressed later in the year. Our samples extracted all data in relation to the courses and modules identified above as at 14th November 2015 and relates to the current academic year (2014/15) only.

Results

Tests 1 and 2

For tests 1 and 2 we performed an analysis of all data held on QLS and CMIS on 14th November 2015. This analysis was based on a QLS extract provided by the Academic Registrars Team and the module data from CMIS provided by the Software Development Team. We would expect all students who are listed in the QLS extract to be in the module enrolments from CMIS and that all students who are listed in the module enrolments from CMIS will be listed in the QLS extract, as QLS provides this data to CMIS.

Test 1:

Our analysis of this data identified 1 exception out of a population of 510. This indicates that 1 student was not assigned to any of the five modules despite being in the QLS extract.

Test 2:

Our analysis of this data identified that there were 76 exceptions out of a population of 585. This indicates that 76 students were not listed in the QLS extract despite being assigned to a module.

Test 3

We checked that, for all larger modules, there are sub-groupings and that the modules and their sub-groupings contain the same students. Using data extracted from the systems on 7th November 2014, we found:

- Out of 5 modules tested, 2 did not have any sub-groupings, despite having a large numbers of students.
- When we compared students in the modules and the students in the module sub-groupings we identified 174 exceptions (out of a total population of 585). These exceptions can be broken down as follows:
 - i) 31 students were in a sub-grouping but not in the module enrolments/QLS extract.
 - ii) 74 students were in the module enrolments but not in the QLS extract or a sub-grouping.
 - iii) 69 students were in the module enrolments and the QLS extract but not in a sub-grouping.

Test 4, 5, 6

We would expect all students affiliated with one of the course timetables to be listed in the extract from QLS. We would expect all students listed in the QLS extract for the five courses to be assigned to a course timetable but we would not expect students who are not fully enrolled on a course to be included in the QLS extract of fully enrolled students. These three areas were tested using data extracted from the systems on the 14th November 2014.

Test 4:

We identified 3 exceptions out of a population of 1698. This indicates that 3 students were missing from the QLS extract despite being affiliated with a course timetable.

Test 5:

We identified 1 exception out of a population of 1698. This indicates that 1 student is not affiliated with a course timetable despite being listed in the QLS extract.

Test 6:

We identified 2 exceptions out of a population of 1698. This indicates that 2 students were in the QLS extract despite not being fully enrolled on their courses.

We have provided a detailed breakdown of all exceptions to management for investigation.

Management response

We will continue to work with timetabling teams and ICT to investigate and address the issues that have arisen.

Owner: Lisa Upton, Deputy Academic Registrar -Acting

Appendix 1. Assessment Criteria

System summary ratings

The finding rating in respect of each sub-process area are determined with reference to the following criteria.

Rating	Assessment rationale
<p>●</p> <p>Red</p>	<p>A high proportion of exceptions identified across a number of the control activities included within the scope of our work ($\geq 75\%$); or</p> <p>Control failures which, individually or in aggregate, have resulted in the significant misstatement of the University's financial records.</p>
<p>●</p> <p>Amber</p>	<p>Some exceptions identified in the course of our work, but these are limited to either a single control or a small number of controls ($>20\%$ but $<75\%$); or</p> <p>Control failures which, individually or in aggregate, have resulted in the misstatement of the organisations financial records, but this misstatement is not significant to the University</p>
<p>●</p> <p>Green</p>	<p>Limited exceptions identified in the course of our work ($\leq 20\%$); or</p> <p>Control failures which, individually or in aggregate, do not appear to have resulted in the misstatement of the organisations financial records.</p>

Control design improvement classifications

The finding ratings in respect of any control design improvements identified in the course of our work are determined with reference to the following criteria.

Rating	Assessment rationale
<p>●</p> <p>Critical</p>	<p>Critical impact on operational performance resulting in inability to continue core activities for more than two days; or</p> <p>Critical monetary or financial statement impact of £5m; or</p> <p>Critical breach in laws and regulations that could result in material fines or consequences over £500k; or</p> <p>Critical impact on the reputation or brand of the organisation which could threaten its future viability, e.g. high-profile political and media scrutiny i.e. front-page headlines in national press.</p>
<p>●</p> <p>High</p>	<p>Significant impact on operational performance resulting in significant disruption to core activities; or</p> <p>Significant monetary or financial statement impact of £2m; or</p> <p>Significant breach in laws and regulations resulting in significant fines and consequences over £250k; or</p> <p>Significant impact on the reputation or brand of the organisation, resulting in unfavorable national media coverage.</p>
<p>●</p> <p>Medium</p>	<p>Moderate impact on operational performance resulting in moderate disruption of core activities or significant disruption of discrete non-core activities; or</p> <p>Moderate monetary or financial statement impact of £1m; or</p> <p>Moderate breach in laws and regulations resulting in fines and consequences over £100k; or</p> <p>Moderate impact on the reputation or brand of the organisation, resulting in limited unfavorable media coverage.</p>
<p>●</p> <p>Low</p>	<p>Minor impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or</p> <p>Minor monetary or financial statement impact £500k; or</p> <p>Minor breach in laws and regulations with limited consequences over £50k; or</p> <p>Minor impact on the reputation of the organisation, resulting in limited unfavorable media coverage restricted to the local press.</p>
<p>Advisory</p>	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

Appendix 2. Terms of Reference

London South Bank University

Terms of reference – Continuous Auditing 2014/15

This review is being undertaken as part of the 2014/2015 internal audit plan approved by the Audit Committee.

To: Richard Flatman – Chief Financial Officer

From: Justin Martin – Head of Internal Audit

Background

The Higher Education Funding Council for England’s (HEFCE) Memorandum of Assurance and Accountability (MAA) states that the Audit Committee is required to produce an annual report for the governing body and the accountable officer. This report must include the Audit Committee’s opinion on the adequacy and effectiveness of the University’s arrangements for management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company (SLC), HEFCE and other bodies. Whilst there is no requirement for our internal audit programme to provide a conclusion over data quality, our internal audit programme for 2014/15 has been designed to support the Audit Committee in forming its conclusion.

Our Student Data Continuous Audit programme will test key controls associated with data quality on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls. Testing will be undertaken twice a year and provide the following benefits:

- It will provide management with an assessment of the operation of key controls surrounding student data on a regular basis throughout the year;
- Control weaknesses will be addressed during the year rather than after the year end; and
- The administrative burden on management will be reduced when compared with a full system review, in areas where there is sufficient evidence that key controls are operating effectively.

We have outlined the specific controls we will be testing in Appendix 1. These have been identified through our annual audit planning process and meetings with management. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University. Where the control environment changes in the financial year or we agree with management to revise our approach, we will update Appendix 1 and re-issue our Terms of Reference.

Our work touches upon the following areas that form part of our annual report to Audit Committee:

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
30	X	x	X	x	x

X = area of primary focus

x = possible area of secondary focus

Scope

The financial processes, key control objectives and key risks within the scope of our work are detailed below.

Financial process	Key control objectives	Key risks
Student Systems	Complete and accurate records of students and their activity are maintained.	<p>Application and enrolment data may be inaccurate. This could also result in fees not being correct resulting in students being over or undercharged and an associated impact on income.</p> <p>UKVI requirements are not complied with. This could result in London South Bank University losing their license to operate affecting fee income and leading to reputational damage.</p> <p>Student attendance records are incorrect undermining the reliability of management information.</p> <p>Course changes are not identified on a timely basis which could affect fee income, as well as student data quality.</p> <p>Reporting of changes in circumstances to the SLC are not reported and processed accurately, completely and on a timely basis. This could mean student data is inaccurate.</p> <p>Student module data is inaccurate or incomplete, undermining the reliability of data.</p> <p>Users have unauthorised access and can make inappropriate amendments to student records which could compromise the validity, accuracy and completeness of student data.</p> <p>Inadequate management information over Tier 4 students could mean that the university is not compliant with requirements.</p>

Limitations of scope

Our work is not intended to provide assurance over the effectiveness of all the controls operated by management over student data; the focus of our work will be limited to those controls which are deemed by management to be most significant to the system under consideration.

Our work will not consider the organisations IT security framework and associated controls in place.

Our scope does not currently include any testing of controls surrounding marks. This is because London South Bank University is currently reviewing their processes and controls surrounding marking. This will be included in Phase 2 when the process has been finalised.

Timetable

We will undertake our testing twice in the year, covering the following periods during 2014/15:

Phase	Period tested	Fieldwork start	Fieldwork completed	Draft Report	Response from client	Final report
1	01/08/2014 – 31/10/2014	10/11/2014	21/11/2014	05/12/2014	19/12/2014	31/12/2014
2	01/11/2014 – 31/03/2015	20/04/2015	01/05/2015	15/05/2015	29/05/2015	05/04/2015

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request
- Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	0207 212 4269 justin.f.martin@uk.pwc.com
David Wildey	Engagement Manager	0207 213 2949 / 07921 106 603
Charlotte Bilsland	Audit Manager	07715 484 470 charlotte.bilsland@uk.pwc.com
Alkay Masuwa	Data Assurance Manager	07737 274 209 alkay.masuwa@uk.pwc.com
Nick Clayton	Continuous Audit Supervisor	nicholas.m.clayton@uk.pwc.com
Jack Fludgate	Continuous Auditing Technician	jack.fludgate @uk.pwc.com
Friederike Murach-Ward	Data Assurance Associate	friederike.e.murach-ward@uk.pwc.com

Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Richard Flatman	Chief Financial Officer (Audit Sponsor)	0207 815 6301 richard.flatman@lsbu.ac.uk	Review and approve terms of reference
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk	Review draft report Review and approve final report
Andrew Fisher	Academic Registrar	fishera@lsbu.ac.uk	Hold initial scoping meeting
Andrew Ratajczak	Manager; Fees, Bursaries and Central Enrolment	ratajca@lsbu.ac.uk	Review and meet to discuss issues arising and develop management responses and action plan
Neil Gillett	Immigration and International Student Advice Manager	neil.gillett@lsbu.ac.uk	
Nuria Prades	Senior International Officer (UK & non-EU Europe)	pradesn@lsbu.ac.uk	
Lisa Upton	Deputy Academic Registrar (Acting)	uptonl@lsbu.ac.uk	
Dave Lewis	Software Development Team Leader	dave.lewis@lsbu.ac.uk	Audit contact
Sheila Patel	Applications Support and Maintenance Team Leader	sheila@lsbu.ac.UK	Audit contact
Natalie Ferer	Financial Controller	ferern@lsbu.ac.uk	Audit contact

Appendix 1: Key controls schedule

Based upon our understanding of the key student data controls at London South Bank University and in discussion with management, we have agreed that the operating effectiveness of the following controls will be considered. These have been mapped to the key risks identified as in scope above.

Our testing will be applicable to all students, with the exception of Tier 4 controls.

Key risk	Key control	Frequency of control	Approximate sample size* <small>* For ad hoc controls, this will depend on the number of transactions in the testing period</small>	Testing approach	Ref
Application and enrolment data may be inaccurate. This could also result in fees not being correct resulting in students being over or undercharged and an associated impact on income.	<p>Following a student record being created in QLS at the application stage, appropriate checkpoints are performed prior to fully enrolled ('EFE') status.</p> <p>Key contacts: Lisa Upton (non-international students and Nuria Prades (international students)</p>	Multiple times daily	25 international students 25 non-international students	<p>We will obtain a listing from management of students who have applied to London South Bank University and check that the following checks have been performed prior to EFE status:</p> <ul style="list-style-type: none"> Criminal conviction check (self-declaration by students) Entry criteria have been met <p>We will select an additional sample of 25 international students and confirm the following checks have been performed where applicable:</p> <ul style="list-style-type: none"> The passport photo page has been retained for non-EU applicants The London South Bank University immigration form has been completed and retained (for non-EU applicants UK based only) Copies of previous UK visas (for non-EU applicants UK based only) 	S1
	<p>On enrolment a full ID check is performed and all required paperwork is obtained, reviewed and retained.</p> <p>Key contact: Lisa Upton</p>	Multiple times daily	25	<p>We will obtain a listing from management of students who have enrolled during 2014/15. We will select a sample and for each student we will confirm that:</p> <ul style="list-style-type: none"> An enrolment form has been completed and that this confirms an ID check has been performed. <p>Note: we will confirm whether 2</p>	S2

Key risk	Key control	Frequency of control	Approximate sample size* <small>* For ad hoc controls, this will depend on the number of transactions in the testing period</small>	Testing approach	Ref
<p>UKVI requirements are not complied with. This could result in London South Bank University losing their license to operate affecting fee income and leading to reputational damage.</p>	<p>Supporting documentation is obtained and retained to ensure Tier 4 requirements are met. Key contacts: Neil Gillett and Nuria Prades</p>	<p>Multiple times daily</p>	<p>25</p>	<p>forms of ID and a copy of the passport has been retained for international students as part of S3; these checks will not be tested as part of S2.</p> <p>We will obtain a listing from management of Tier 4 students who have enrolled and select a sample to confirm that the following evidence has been retained on their student record:</p> <ul style="list-style-type: none"> • Evidence that the student meets English language requirements • A copy of the prospective students passport showing all personal identity details, including the front page of the passport and if applicable, leave stamps, or immigration status document including their period of immigration permission to enter • Evidence that a second form of ID has been reviewed • Evidence that financial documents have been checked to ensure they meet requirements of Tier 4 • The student’s Confirmation of Acceptance to Study (CAS) has been recorded on the student record system • London South Bank University communicated to the student what documents were needed for visa application before enrolment • Where the student’s course requires an ATAS clearance certificate, a copy of the certificate or electronic approval notice from the Foreign and 	<p>S3</p>

Key risk	Key control	Frequency of control	Approximate sample size* <small>* For ad hoc controls, this will depend on the number of transactions in the testing period</small>	Testing approach	Ref
				<p>Commonwealth Office has been retained</p> <ul style="list-style-type: none"> • A TB test has been requested where applicable • An Immigration History form has been completed • A history of past addresses is recorded on the system 	
<p>Student attendance records are incorrect undermining the reliability of management information.</p>	<p>Attendance reports are generated by schools to identify periods of non-attendance and are investigated.</p> <p>Key contacts:</p> <p><i>Business school</i></p> <p>Tom Marley and Nicola Hallas</p> <p><i>Health and Social Care</i></p> <p>Anisa Salim and Cathy Rowe</p> <p><i>School of Arts and Creative Industries; School of Social Sciences and Law; Psychology</i></p> <p>Sharon Holmes and Nicola Hallas</p> <p><i>School of Architecture and Built Environment; School of Applied Sciences (not Psychology students); School of Engineering</i></p> <p>Tania Perez and Jamie Jones</p>	<p>Ad hoc</p>	<p>2</p>	<p>We will select the most recent attendance report generated by the school and confirm that these have been:</p> <ul style="list-style-type: none"> • Produced • Actions have been taken to investigate periods of non-attendance in accordance. 	<p>S4</p>
<p>Course changes are not identified on a timely basis this could affect fee income.</p>	<p>Supporting evidence is obtained prior to processing any course changes or withdrawals.</p> <p>Key contact: Andrew Ratajczak</p>	<p>Multiple times daily</p>	<p>25</p>	<p>We will obtain a report from management of all course changes within the testing period. We will select a sample of students and for each student we will confirm:</p>	<p>S5</p>

Key risk	Key control	Frequency of control	Approximate sample size* <small>* For ad hoc controls, this will depend on the number of transactions in the testing period</small>	Testing approach	Ref
				<ul style="list-style-type: none"> • A form has been completed which supports the change • The form has been authorised by the student and the School • The course changes log has been updated and agrees to QLS • The change was only actioned on QLS after the form was authorised by the student and faculty and after the course change log was completed <p><i>*This will include ETROC and EFAFU codes only.</i></p>	
<p>Reporting of changes in circumstances to the SLC are not reported and processed accurately, completely and on a timely basis. This could mean student data is inaccurate.</p>	<p>Supporting documentation is retained for all change of circumstances. Changes of circumstances are processed on a timely basis.</p> <p>This testing is restricted to the testing of withdrawals.</p> <p>Key contact: Andrew Ratajczak</p>	Ad hoc	5 - 25	<p>We will obtain a listing of all students who have withdrawn in the period and select a sample to test that:</p> <ul style="list-style-type: none"> • There is a letter or form from the student requesting withdrawal • That the date the change was applied to the system on a timely basis 	S6
<p>Student module data is inaccurate or incomplete, undermining the reliability of data.</p>	<p>Exception reports are run to identify changes made to student module data and are investigated.</p> <p>Key contact: Lisa Upton</p>	Monthly	2	<p>We will select a sample of months and confirm that:</p> <ul style="list-style-type: none"> • An exception report has been generated • The exception report has been discussed at periodic meetings • Actions have been taken to interrogate and resolve exceptions 	S7
	<p>Evidence is retained to support any changes.</p> <p>Key contact: Lisa Upton</p>	Ad hoc	5 - 25	<p>Using the most recent exception report, we will select a sample of changes to module data and test to confirm that these have been processed correctly and agree to supporting evidence.</p>	S8

Key risk	Key control	Frequency of control	Approximate sample size* <small>* For ad hoc controls, this will depend on the number of transactions in the testing period</small>	Testing approach	Ref
	<p>Non-conformance reports (NCRs) are generated and investigated.</p> <p>Key contact: Lisa Upton</p>	Ad hoc	5 - 25	<p>We will select a sample of months to confirm that NCRs have been generated in this period.</p> <p>We will select a sample of NCRs (based on total number produced in the testing period) and select a sample to confirm that the NCR has been filled out completely and accurately, including action plans to address non-conformance.</p>	S9
Users have unauthorised access and can make inappropriate amendments to student records which could compromise the validity, accuracy and completeness of student data.	<p>All new users of the QLS system must complete an authorisation form which is authorised by their line manager and IT prior to system access.</p> <p>Key contact: Lisa Upton</p>	Ad hoc	5 -25	<p>We will obtain a listing of all new users set up on QLS in the testing period and select a sample of users to test that:</p> <ul style="list-style-type: none"> • An authorisation form was completed; • The form has been authorised by their line manager and IT; • The form is dated before their system set up date. 	S10
	<p>Leavers are removed from the system on a timely basis.</p> <p>Key contact: Lisa Upton</p>	Ad hoc	5 -25	<p>We will obtain a listing of all leavers during the testing period and select a sample of users to test that their account has been de-activated.</p>	S11
Inadequate management information over Tier 4 students could mean that the university is not compliant with requirements.	<p>Exception reports are run to monitor:</p> <ul style="list-style-type: none"> • Students do not enrol • Withdrawals, interruptions and instances where a student finishes earlier than expected • Significant changes of circumstances occur • Visa expiry dates are upcoming <p>Key contacts: Neil Gillett and</p>	<ul style="list-style-type: none"> • Termly • Weekly • Weekly • Monthly 	<ul style="list-style-type: none"> • 1 • 5 • 5 • 2 	<p>We will select a sample of reports to confirm these are produced and that actions are taken to investigate and resolve exceptions.</p>	S12

Key risk	Key control	Frequency of control	Approximate sample size*	Testing approach	Ref
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** For ad hoc controls, this will depend on the number of transactions in the testing period*

Nuria Prades

Appendix 2: Computer Assisted Audit Techniques (CAATs)

Scope

Each student at London South Bank University should have a personalised timetable. This is based on the course and modules selected. Schools produce course timetables which are input into the timetabling system (CMIS). Where there are multiple students attending the same modules, the intake may be split into separate classes. Where separate classes are required, staff log in to the system and create sub-groupings of students. This data is input into the timetabling system to ensure students have correct personalised timetables.

Management have highlighted that in some instances student do not have access to personalised timetables. This appears to be due to incorrect sub-groupings being logged on the system. As part of our fieldwork we are using CAATs to perform data mining procedures over a sample of courses and modules to confirm that student timetabling data is correct and highlight any potential exceptions to management. This period we will be testing:

Five courses:

- 3975 Adult Nursing
- 670 Business Admin
- 4 Law
- 1086 Psychology
- 101 Architecture

Five Modules

- EEA_5_007 Advanced Engineering Mathematics
- BAF_5_BCL Business and Company Law
- PGC_7_EIC Equality, Inclusion and Citizenship
- UEL_6_CTH Event Planning and Impacts
- TOT_7_006 Leadership and Service Innovation in Occupational Therapy

Approach

- We will request data detailing the module timetables and the students registered to that module from a five modules from five courses from five year groups.
- We will test that students registered to each module have received their personal timetables and whether any students who are not enrolled to these particular courses have been added incorrectly to these modules.

Output

The results of our fieldwork will be included as an Appendix in our report. We will provide the detailed data analysis to management separately to investigate any exceptions noted.

Deliverables request

- Module timetable data from CMIS including students registered to the module (**Key contact: Dave Lewis**).
- List of students enrolled to each module (**Key contact: Sheila Patel**).

Appendix 3. Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Continuous Auditing: Student Data, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the “Legislation”), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 21/07/2010. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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	PAPER NO: AC.06(15)
Paper title:	Internal Audit report: Data Security
Board/Committee	Audit Committee
Date of meeting:	26 February 2015
Author:	PricewaterhouseCoopers, Internal Auditors
Executive sponsor:	Ian Mehrtens, Chief Operating Officer
Purpose:	To provide the internal audit report into Data Security

Executive Summary	
Context	<p>The attached report provides the results of this review of Data Security – undertaken in January 2015, which follows on from the previous audit report into logical and physical IT controls and phishing, published in June 2013, the follow up phishing report published May 2014 and resulting training activity.</p> <p>The previous report carried a high risk classification, and the key messages were weak controls over access to server rooms, lack of management authorisation for phonebook administrators (enabling IT account set up), weak password complexity and expiry, and the recording of system administration activity.</p> <p>The recent audit found some improvements from the previous report, but there are still some gaps, and this report classification is also high in 3 areas. Firstly lack of integration between HR and ICT records, with regard to Leavers, risks their continued and unauthorised access to University systems. The second relates to physical security for areas outside the server rooms holding communications equipment and the third to risk around unencrypted devices, specifically opt-outs and the unfettered use of USB devices to copy University information. These are detailed in full on pages 4-7 of the report.</p> <p>It had been anticipated that many of the findings of the previous audit would be dealt with by the EDISON program. However, the IAMS (Identity and Access Management Systems) project had been predicated on the need to merely replace current systems (Phonebook, CAMS etc.) without actually addressing the</p>

	<p>convoluted procedural workaround that led to their creation in the first place – principally the disparate ownership and administration of differing types of University-Worker information. Unfortunately, those underpinning issues had led to the creation of complex and often-undocumented systems, some years in the development, which could not be easily replaced.</p> <p>The recent work in the HR areas has addressed many of the long-standing People and Process issues and, in light of this simplification, new workshops have recently been held with IBM to identify options for a more straightforward and routine implementation of their Technology.</p> <p>The former leadership of ICT was focussed on delivery of the EDISON program, with little development in the area of information security process maturity. However, information security is an increasingly specialist area, requiring specific expertise – knowledge and skills not currently represented sufficiently well within the University or ICT team. Accordingly, the Executive will be reviewing how to provide the necessary expertise.</p>
Question	Given the current lack of subject-matter expertise in this area, are the controls around data security operating effectively?
Conclusion & Recommendation	The Executive recommends that the committee note this report

Matter previously considered by:	N/A	
Further approval required?		

*Internal Audit
Report 2014/2015*
Data Security
FINAL

February 2015

London South Bank
University

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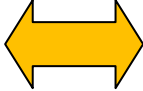
Distribution List

For action:	Rob McGeechan (Director ICT)
For information:	Audit Committee
	Richard Flatman (Chief Financial Officer)
	John Baker (Corporate & Business Planning Manager)

This report has been prepared by PwC in accordance with our contract dated 21/07/2010.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Higher Education Funding Council for England's (HEFCE) Memorandum of Assurance and Accountability (MAA). As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. Executive summary

Report classification	Trend	Total number of findings					
		Critical	High	Medium	Low	Advisory	
High Risk 	 Performance is consistent with the 2012/13 review	Control design	0	3	3	0	0
		Operating effectiveness	0	0	0	0	0
		Total	0	3	3	0	0

Summary of findings

Background

IT controls are integral to protecting an organisation's information, data and assets (physical and intellectual). This is underpinned by employee awareness of and organisational culture towards security and risks to its information and assets.

London South Bank University (LSBU) has a significant and growing number of users on its system and protecting the network and user's information is becoming increasingly important to ensure that the reputation of the University is upheld.

Our 2012/13 review of IT controls was classified as high risk and identified numerous issues arising from weak logical and physical controls and inadequate authorisation processes for user administration. This review has examined the current status of controls.

Key findings

There have been some improvements since our last review:

- Key card locks have been installed to protect most ICT physical assets.
- A password policy is now in place and Active Directory (AD) password parameters are in line with this policy.
- An Information Compliance Officer has been appointed to deal with Data Protection Act issues.
- The Edison Project is looking at the migration of servers to the cloud and tightening information and access management which should help to improve physical security of information

However, we have identified that there are still some gaps in controls which could leave the University exposed to security risks if not addressed. Our *high risk* findings are:

- We reviewed the processes in place around user administration to ensure that there are appropriate controls around set up, modification and removal of user accounts. We found that there is no documented procedure for ICT user administration and that the IT Security Policy has not yet been approved or distributed.

Starters and leavers listings can be obtained from HR reports or the Phonebook. However, these are not integrated, for example, when we obtained our leavers listing the HR report identified 245 leavers, the Phonebook showed 154 and ICT were unable to confirm if AD access had been disabled for 10/30 leavers because of discrepancies between the Phonebook and HR system.

We also found that 3/30 leavers still had active AD access despite leaving the University over one month ago and that 2/30 starter forms could not be located. This was because they were both issued at the Havering

campus where no forms are retained.

ICT are not notified when an individual has moved within the University and ICT are unable to generate a report showing movers within the organisation. During testing of leavers we found 1 instance where a staff member had subsequently become a student. Although their AD access had been removed, there is no record of when the account was disabled.

We also reviewed the process for granting privileged access to AD. We found that there is no documented process outlining how AD domain administrative user accounts should be created, amended or removed. There are 22 AD domain administrator accounts. 9/22 accounts were role based accounts, which are higher risk as they are not assigned to a specific user. **See finding #1.**

- We reviewed the procedures and controls in place to ensure the physical security of LSBU's buildings and associated IT assets. We found there is no written policy outlining the University's approach to physical security. We also visited 5 ICT storage areas to confirm that these were only accessible to specific ICT staff and found 2/5 buildings had active ICT network equipment that was accessible to anyone in the building. **See finding #2.**
- We tested to confirm that controls and processes have been established to ensure that logical security settings are appropriate and applied consistently across the LSBU IT environment. We identified that unencrypted USBs can be used on the network to remove information and LSBU are not able to determine what information has been taken off the system. It is also not mandatory for mobile devices to be encrypted - users have the ability to 'opt out' through a disclaimer form. Desktop devices are not encrypted except in situations where users are specifically identified as dealing with sensitive data and when we requested a report of encrypted devices to determine whether they were actively encrypted, 43/252 laptops were listed as 'Null', this is caused by encryption not being completed on these devices. The password policy has not been reviewed since April 2012. **See finding #3.**

We also noted three *medium risk* findings:

- We reviewed the processes in place around user administration to ensure that regular reviews of user access are performed. We found that regular reviews of AD accounts are not performed and although management confirmed that reviews of AD domain administrative accounts had been performed, evidence of this is not retained so we could not confirm if this occurred. **See finding #4.**
- We requested evidence of data security training for staff. We found that there is currently no mandatory data security training and while an e-module is available, this is not widely publicised to staff. **See finding #5.**
- Management receive a weekly report of all attacks to the network. This is included in a monthly management report. However, no minutes are taken and there is no evidence of plans to deal with attacks being created. We also found job titles and outlined roles do not include data security responsibilities and the process for reporting information security incidents is not documented. **See finding #6.**

2. Detailed current year findings

1. Starters, Movers, Leavers – Control Design

Finding

We reviewed the processes in place around user administration to ensure that there are appropriate controls around set up, modification and removal of user accounts.


- There are no documented procedures for ICT user administration i.e. creation of accounts, modification to accounts and removal of access. Brief guidance on how to obtain a University account is available on the University intranet, but this only contains an outline of the process and is not a complete procedure document.
- The lack of documented procedure means that ICT are not consistently notified when an individual has moved or left the University because there is no requirement of line managers to do so.
- There is a draft IT Security Policy but this has not yet been approved or distributed.
- Starters and leavers listings can be obtained from HR reports or the Phonebook. However, these are not integrated:
 - HR Starters listings do not include contractors or other staff.
 - When we obtained our leavers listing the HR report identified 245 leavers, the Phonebook showed 154.
 - We selected our leavers sample from the HR report as it was accepted as more complete. ICT were unable to confirm if AD access had been disabled for 10/30 leavers which they explained was because of the discrepancy between the Phonebook and HR system.
 - 3/30 leavers still had active AD access, despite leaving the University over one ago.
- 2/30 starter forms could not be located. This was because they were both issued at the Havering campus where no forms are retained.
- ICT are not notified when an individual has moved within the University and ICT are unable to generate a report showing movers within the organisation.
- During testing of leavers we found 1 instance where a staff member had subsequently become a student. Although their AD access had been disabled, there is no record of when the account was disabled.
- We also reviewed the process for granting privileged access to AD. We found that there is no documented process outlining how AD domain administrative user accounts should be created, amended or removed.
- There are 22 AD domain administrator accounts. 9/22 accounts were role based accounts, which are higher risk as they are not assigned to a specific user.

Risks

Inadequate control over the user accounts may increase the risk of unauthorised access to sensitive records and data.

If leavers are not removed from the system in a timely manner, the University increases the risk that inappropriate access or loss of data will occur, causing system outages or potential reputational damage.

Lack of integration between HR and ICT compromises the University's ability to control access to its systems. This increases the risk of unauthorised access to sensitive data and transactions with subsequent risk of information abuse and / or fraud, and adverse impact upon the University's reputation.

<i>Action plan</i>		
<i>Finding Rating</i>	<i>Agreed Action</i>	<i>Responsible person / title</i>
<p>High Risk</p> 	<p>We are currently working to consolidate worker information in HR System. Leaver and Joiner processes will be reviewed as part of this work.</p>	<p>Rob McGeechan (Director ICT)</p>
	<p>We plan on holding a workshop to agree an interface between HR System and Identity/Access Management toolset. Subsequent system implementations will deliver process automation.</p>	<p><i>Target date</i></p> <hr/> <p>31/12/2015</p>
	<p>We will ensure agreed processes are documented in a procedure note which will be reviewed on an annual basis and will include the areas highlighted above.</p>	<p><i>Reference number</i></p> <hr/> <p>1</p>

2. Physical Security – Control Design

Finding

We reviewed the procedures and controls in place to ensure the physical security of LSBU's buildings and associated IT assets. We found:

- There is no written policy outlining the University's approach to physical security, for example, the requirement to perform periodic reviews of key card access rights.
- All ICT storage areas should be key card controlled and only be accessible to specific ICT staff (general staff passes do not grant access to these ICT storage areas). All key-card entry points have a full audit trail if evidence is required. We selected 5 buildings to confirm whether physical ICT assets were securely stored. 2/5 buildings were found to have ICT active network equipment that was accessible to anyone in the building. One was an unlocked room containing an active server rack (Technopark GCo3). The second was a locker located in an unsecured hallway that had the back torn off and was accessible to anyone passing (Student Centre First Floor ICT Storage).

Risks

Inadequate control over physical security may result in the loss or theft of physical IT assets as well as the loss or theft of data, resulting in potential financial or reputational damage for the University.

Action plan

Finding Rating

Agreed Action

Responsible person / title

High Risk



Estates will produce a policy on physical security.
ICT and Estates will work together to identify access rights for all areas holding ICT equipment and ensure that access to these areas is restricted.

Rob McGeechan (Director ICT)

Target date

30/06/2015

Reference number

2

3. Logical Security – Control Design

Finding


We tested to confirm that controls and processes have been established to ensure that logical security settings are appropriate and applied consistently across the LSBU IT environment. We found:

- A password policy is in place but this has not been reviewed since April 2012.
- 14/22 AD domain administrator accounts had password parameters set to allow passwords to never expire. This is not compliant with the password policy which states that passwords should expire.
- During interviews with management we identified that unencrypted USBs can be used on the network to remove information. All information that is transferred onto an unencrypted USB is then encrypted, however, LSBU are not able to determine what information has been taken off the system.
- It is not mandatory for mobile devices to be encrypted - users have the ability to 'opt out' through a disclaimer form. While this is not widely done (only 7 devices were found to be 'opted out'), it is not in line with the Mobile Device Policy.
- Desktop devices are not encrypted except in situations where users are specifically identified as dealing with sensitive data.
- We requested a report of encrypted devices to determine whether they were actively encrypted. 43/252 laptops were listed as 'Null', this is caused by encryption not being completed on these devices.


Risks

Inadequate or inconsistent logical security may lead to an increased risk of unauthorised access to sensitive data and transactions with subsequent risk of information abuse and / or fraud, and adverse impact upon the University's reputation.

Action plan

<i>Finding Rating</i>	<i>Agreed Action</i>	<i>Responsible person / title</i>
<p>High Risk</p> 	<p>We will agree responsibilities for policy making in this area and consolidate all current documents into one. This will include reviewing our encryption policies and assessing the use of the disclaimer form to 'opt out' of encryption and determine whether this is allowable going forward.</p>	<p>Rob McGeechan (Director ICT)</p>
		<p><i>Target date</i></p> <p>30/06/2015</p>
	<p>We will review the listing of incomplete encryptions and remind users to ensure that these are up-to-date so they are actively encrypted.</p> <p>This will include ensuring that accountability for data loss is understood at individual level.</p>	<p><i>Reference number</i></p> <p>3</p>

4. Review of User Access – Control Design

<i>Finding</i>		
<p>We reviewed the processes in place around user administration to ensure that regular reviews of user access are performed. We found:</p> <ul style="list-style-type: none"> Regular reviews of AD accounts are not performed. Management were unable to provide evidence that reviews of AD domain administrative accounts had been performed. They confirmed that up to three months ago, these reviews were done on a monthly basis but no evidence of this was retained. 		
<i>Risks</i>		
<p>Ineffective user administration increases the risk that inappropriate access or loss of data will occur, causing system outages or potential reputational damage.</p>		
<i>Action plan</i>		
<i>Finding Rating</i>	<i>Agreed Action</i>	<i>Responsible person / title</i>
<p>Medium Risk</p> 	<p>We will produce a schedule for regular review and audit of Administration rights and ensure evidence of this is retained.</p>	<p>Rob McGeechan (Director ICT)</p>
		<i>Target date</i>
		30/06/2015
		<i>Reference number</i>
		4

5. Training – Control Design

Finding


We requested evidence of training programmes for staff raise data security awareness. We found:

- Staff can request access to an e-module which includes elements of information security awareness training. However, this does not appear to be widely publicised; during our interviews with management only one individual identified this training.
- There is no mandatory staff training concerning information security issues.
- Management have confirmed that there have been two training events to address the findings from our phishing exercise however no evidence of this has been provided so we cannot verify if this occurred.

Risks

Lack of staff awareness of security requirements could lead to unauthorised access to or loss of data.

Action plan

<i>Finding Rating</i>	<i>Agreed Action</i>	<i>Responsible person / title</i>
Medium Risk 	We will produce awareness material with a program of mandatory awareness training to follow.	Rob McGeechan (Director ICT)
		<i>Target date</i> 30/09/2015
		<i>Reference number</i> 5

6. Monitoring and Oversight – Control Design

Finding

Management receive a weekly report of all attacks to the network. This is included in a monthly management report. However, no minutes are taken and there is no evidence of plans to deal with attacks being created.

We also found:


- Job titles and outlined roles do not include data security responsibilities.
- The process for reporting information security incidents is not documented.

Risks

Lack of assigned responsibility can lead to a lack of attention to data security issues and concerns.

Without formal, regular management information, the University is unable to appropriately identify and monitor data security issues and concerns and ensure action is taken on a timely basis.

Action plan

<i>Finding Rating</i>	<i>Agreed Action</i>	<i>Responsible person / title</i>
<p>Medium Risk</p> 	<p>We will ensure that this is documented in policies and procedure notes.</p> <p>Increased awareness and ownership of data security matters to be addressed by appointment of subject-matter specialist.</p>	<p>Rob McGeechan (Director ICT)</p> <hr/> <p><i>Target date</i></p> <p>30/06/2015</p> <hr/> <p><i>Reference number</i></p> <p>6</p>

Appendix 1. Basis of our classifications





A. Individual finding ratings

Finding rating	Points	Assessment rationale
Critical	40 points per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance resulting in inability to continue core activities for more than two days; or • Critical monetary or financial statement impact of £5m; or • Critical breach in laws and regulations that could result in material fines or consequences over £500k; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability, e.g. high-profile political and media scrutiny i.e. front-page headlines in national press.
High	10 points per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance resulting in significant disruption to core activities; or • Significant monetary or financial statement impact of £2m; or • Significant breach in laws and regulations resulting in significant fines and consequences over £250k; or • Significant impact on the reputation or brand of the organisation, resulting in unfavourable national media coverage.
Medium	3 points per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance resulting in moderate disruption of core activities or significant disruption of discrete non-core activities; or • Moderate monetary or financial statement impact of £1m; or • Moderate breach in laws and regulations resulting in fines and consequences over £100k; or • Moderate impact on the reputation or brand of the organisation, resulting in limited unfavourable media coverage.
Low	1 point per finding	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or • Minor monetary or financial statement impact of £500k; or • Minor breach in laws and regulations with limited consequences over £50k; or • Minor impact on the reputation of the organisation, resulting in limited unfavourable media coverage restricted to the local press.
Advisory	0 points per finding	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Each individual finding is given points, based on the rating of the finding (Critical, High, Medium, Low or Advisory). The points from each finding are added together to give the overall report classification of Critical risk, High risk, Medium risk or Low risk, as shown in the table on the next page.

Report classifications

The report classification is determined by allocating points to each of the findings included in the report

<i>Report classification</i>	<i>Points</i>
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

Appendix 2. Terms of Reference

Terms of reference – Data Security

To: Rob McGeehan – Director of ICT
From: Justin Martin – Head of Internal Audit

This review is being undertaken as part of the 2014/2015 internal audit plan approved by the Audit Committee.

Background

IT controls are integral to protecting an organisation's information data and assets (physical and intellectual). This is underpinned by employee awareness of and organisational culture towards security and risks to its information and assets.

London South Bank University (LSBU) will typically see a large number of students, staff and visitors accessing buildings and using shared and publicly accessible IT equipment. Strong physical and logical access controls are therefore required to safeguard LSBU's information and assets.

Our 2012/13 review of IT controls was classified as high risk and identified numerous issues arising from weak logical and physical controls and inadequate authorisation processes for user administration. The purpose of this review is to assess the design and operating effectiveness of controls over data security by reviewing progress made in high risk areas. Our work touches upon the following areas that form part of our annual report to Audit Committee:

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
10			x	x	x

x = area of primary focus

x = possible area of secondary focus

Scope

The objective of this review is to assess and evaluate the LSBU's key IT controls in place to ensure data security.

The sub-processes, related control objectives and key risk areas included in this review are:

Sub-process	Objectives	Work to be completed
User Administration (Starters, Movers and Leavers)	Controls are established to ensure that user accounts are appropriately authorised prior to creation, accounts are modified or removed when employees change roles or leave LSBU.	<ul style="list-style-type: none"> We will review IT policies to ensure that they are aligned to industry standards and in compliance with legal regulations to ensure effective user administration. We will test a sample of starters, movers and leavers on University systems to assess whether access is appropriate to their roles. We will review procedures for creating administrative accounts and ensuring that accounts are created only when a legitimate business need has been identified.
Physical Security Management	Controls are established to ensure the physical security	<ul style="list-style-type: none"> We will review physical access controls to the LSBU's IT assets, including workstations, portable devices and

	of LSBU's buildings and associated IT assets.	network equipment.
Logical Security Management	Controls are established to ensure that logical security settings are appropriate and applied consistently across the LSBU IT environment to prevent data loss, unauthorised access, or theft.	<ul style="list-style-type: none"> We will review any logical security policies We will assess adequacy of Active Directory (AD) security configurations and activity logging. We will review desktop security in place, including encryption, USB access, and local administrative rights. We will review McAfee Antivirus currency and deployment.
Training	Staff understand and comply with LSBU data security policies	<ul style="list-style-type: none"> We will understand what training is in place for staff. We will assess the control design and operating effectiveness of associated controls and processes.
Monitoring and oversight	There is regular monitoring of security breaches and appropriate action is taken on a timely basis.	<ul style="list-style-type: none"> We will understand what overarching governance arrangements are in place over data security (physical and logical) We will assess the control design of these processes and controls to identify any weaknesses and test the operating effectiveness of these controls to ensure that these are being complied with and used effectively.

As part of our work we will also interview a sample of staff to understand their awareness of their obligations regarding data security.

Limitations of scope

This review will focus on controls around the LSBU staff accounts and infrastructure, and will not assess the controls over student accounts or IT infrastructure, except where the same controls exist for both staff and students.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of programme management processes through discussions with key personnel and review of key documentation;
- Identify the key risks surrounding programme management governance;
- Evaluate the design of the controls in place to address the key risks
- Test the operating effectiveness of the key controls (where appropriate to do so).

Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	0207 212 4269 justin.f.martin@uk.pwc.com
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Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Richard Flatman	Executive Director of Finance (Audit Sponsor)	0207 815 6301 richard.flatman@lsbu.ac.uk	Review and approve terms of reference Review draft report
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk	Review and approve final report
Rob McGeechan	IT Director	mcgeechr@lsbu.ac.uk	Hold initial scoping meeting Review and meet to discuss issues arising and develop management responses and action plan

Timetable

Fieldwork start	19/01/2015
Fieldwork completed	23/01/2015
Draft report to client	28/01/2015
Response from client	02/02/2015
Final report to client	06/02/2015

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request
- Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

Information request

As part of our review we will need to review the following (or equivalent) documentation in advance of the audit:

- User Administration Policy documentation;
- Listing of Admin users;
- Listing of starters, movers and leavers within the year;
- Physical security policies;
- Logical security policies;
- Copies of training slides or other training documentation;
- Copies of any monitoring reports of security breaches;
- Relevant management information;
- Data Security policy and procedure documents.

This listing if not exhaustive, additional items may be asked for on request.

Appendix 3. Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Data Security subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period 2014/2015 only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

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Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.



In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the “Legislation”), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such [report]. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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	PAPER NO: AC.07(15)
Paper title:	Corporate Risk Register
Board/Committee	Audit Committee
Date of meeting:	12 February 2015
Author:	John Baker, Corporate & Business Planning Manager
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide the Board with the current corporate risk register

Matter previously considered by:	Operations Board	On: 20 January 2015
	Board of Governors	12 February 2015
Further approval required?	No	N/A

Executive Summary

The Corporate Risk Register is a dynamic live document.

This record presents the details of all identified corporate risks, along with their assessments of impact and likelihood, and related control and actions as at 4 February 2015.

The following summary pages present the risks against a one page matrix of impact and residual likelihood, and also details all changes and action progress updates since the last presentation of the register to the Board.

The risks are linked to the objectives of the new Corporate Strategy, and the Register now presents the risks in this format.

The Committee is requested to note the risk register.

LSBU Corporate Risk Register cover sheet: Risk overview matrix by impact & residual likelihood

Date: 3rd February 2015 **Author:** John Baker – Corporate & Business Planning Manager **Executive Lead:** Richard Flatman – Chief Financial Officer

	2: Revenue reduction if marketing and PR activity does not achieve recruitment targets (PI)	1: Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape (DP)	4 Critical <i>fail to deliver corporate plan / removal of funding or degree awarding status, penalty / closure</i>	Impact
397: Effectiveness of delivery impaired as institution goes through restructuring process (DP)	6: Management Information is not meaningful, is unreliable, or does not triangulate for internal decision or external reporting (RF) 14: Potential loss of NHS contract income (WT) 305: Data not used / maintained securely (IM) 362: Low staff engagement impacts performance negatively (DP) 3: Increasing pensions deficit (RF) 402: Income growth from R&E unrealised (PI)	37: Capital investment ambitions of forward estates strategy undermine financial sustainability (RF)	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>	
	398: Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement (PC)		2 Medium <i>failure to meet operational objectives of the University</i>	
			1 Low <i>little effect on operational objectives</i>	
3 - High <i>The risk is likely to occur short term</i>	2 - Medium <i>This risk may occur in the medium to long term.</i>	1 - Low <i>This risk is highly unlikely to occur</i>		
Residual Likelihood				
Executive Risk Spread: VC – 3, DVC – 0, CFO – 3, PVC-S&E – 1, PVC-R&EE – 2, COO – 1, PVC/Health – 1, ExD-HR – 0, US - 0				

Changes since presentation at January Operations Board meeting detailed below:

<i>Risk reference</i>	<i>Risk area</i>	<i>Changes made</i>
Goal 3: Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise		
398 (PC)	Academic programmes not engaged with technology or pedagogic dev.	ESE action re-allocated to Bolaji Banjo.
Goal 4: Real World Impact - Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital.		
402 (PI)	2020 income growth through Research & Enterprise	<p>Pipeline action progress note:</p> <p>Working up a business plan for research and enterprise that dovetails into the corporate strategy & their KPIs and PIs & identifies where the research and enterprise income is likely to come from for the next five years and plan to share before Easter once SMT is in place.</p>
Goal 7: Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.		
1 (DP)	Response to environmental change & reputation	<p>Control around press pack scrutiny removed.</p> <p>Action created around reputation dashboard. Action around Dean appointments closed.</p>
362 (DP)	Staff Engagement	<p>Change Stakeholder Network action progress note:</p> <p>Discussions are currently taking place to review the scope and purpose of the Stakeholder Change Network in light of wider discussions about internal communications and communications from the Change Programme office. Anticipate an agreed approach by the end of February.</p>
397 (DP)	Restructuring impact on service	
Goal 8: Strategic Enabler - Infrastructure: Investing in first class facilities and outcome focused services, responsive to academic needs.		
2 (PI)	Recruitment & income targets including International	<p>Partnership strategy action in abeyance pending Tere Daly's replacement.</p> <p>Controls updated to refer to Operations Board, the Five year forecast process, and the postponement of the operation of the HESA board.</p> <p>UEA & UTC action relocated to Executive Office operational risk register.</p>
3 (RF)	Pensions deficit	Controls around valuations and Board reports updated to reflect current process.
6 (RF)	Ineffective data	<p>Action regarding manual attendance monitoring for international students recorded as implemented, by Jonathan Tanner, and new related action created for risk 2 regarding piloting of new app for Masters and PHD students.</p> <p>Controls around data returns re-described as BIU assessment of returns prior to sign off and submission. Controls around Internal Audit updated to reflect current operation and planning.</p>

		<p>Update note on system regarding ICT Project PID: Exec discussion occurred at Jan meeting, and related discussion at Feb meeting at High Level.</p> <p>New Action created regarding phase 1 of the data quality management project.</p>
14 (JE)	Loss of NHS income	
37 (RF)	Estates strategy £ impact	<p>Previous Estate Strategy action completed and New Action created regarding short life working group.</p> <p>Controls around reporting updated.</p> <p>Student Centre negotiations action progress note: We have engaged a programming expert to adjudicate on the decisions taken in respect of the refused extension of time claim which is the issue holding up agreement of the final account. We expect their report in the next couple of weeks and will seek to have a meeting with Mansell to discuss and find a way forward with a view to agreeing a final account. This should take place by March 2015.</p>
305 (IM)	Data Security	<p>Action around developing strategy for tracking critical corporate communications recorded as complete.</p> <p>Actions added for delivery of mandatory training via ICT log on, and for response to findings of PWN internal audit into data security.</p> <p>Awareness raising action progress note: Action for high risk group: Following the last Phishing Test, the OD Team working with ICT have contacted staff who mistakenly clicked on test links and have asked them to undertake an online Phishing Awareness training session. Those staff who did not complete the online training within the specified time will now be asked to undertake a face to face training session on Phishing awareness. The OD Team is working with ICT to plan wider Phishing Awareness sessions. In future this will be led by ICT.</p>

Corporate Level - Risk Register

Date	04/02/2015
Risk Status	Open
Corporate Objective	A 15-20 #3 Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
398	Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement Risk Owner: Phil Cardew Last Updated: 03/02/2015	<p>Cause & Effect:</p> <p>Cause: LSBU does not effectively exploit the learning potential of new technologies. Curriculum do not adapt sufficiently to give students the knowledge and skills valued by employers Support mechanisms do not provide some students with the learning support they need to navigate and succeed in the learning environment.</p> <p>Effect: Retention does not meet the targets within the 5 year forecast. Employability of LSBU graduates does not improve. Market appeal of courses is impaired</p>	2 3 Medium	Delivery of the Teaching Enhanced Learning Strategy (TEL) through Academic Board and related committees.	2 2 Medium	<p>Actively pursue the long term objectives of the TEL strategy:</p> <ol style="list-style-type: none"> 1. Promote active learning methods that go beyond a 'filing cabinet' use of a VLE; 2. Promote electronic submission, assessment and feedback; 3. Promote aspects of staff development focused towards developing effective and technology enhanced learner-centred approaches to curriculum design, learning and assessment; 4. Support all staff in professional development and other learning and teaching activities; 5. Identify common technologies and develop information repositories; 6. Actively engage students in the further development of the VLE and in evaluating the use of technology in support of learning. <p>Person Responsible: Phil Cardew To be implemented by: 30/09/2015</p> <hr/> <p>Implement 'Exceptional Student Experience' aspect of the EDISON Investment program to deliver a step change in the institutional use of personal in year data to drive communications to students concerning their academic performance.</p> <p>Person Responsible: Bolaji Banjo To be implemented by: 31/07/2015</p>

Corporate Level - Risk Register

Date	04/02/2015
Risk Status	Open
Corporate Objective	A 15-20 #4 Real World Impact – Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital.
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
402	<p>Income growth expected from greater research and enterprise activity does not materialise</p> <p>Risk Owner: Paul Ivey</p> <p>Last Updated: 04/02/2015</p>	<p>Cause & Effect:</p> <p>Cause: Academic staff Fail to engage with research and enterprise activities that have potential to deliver additional income. Enterprise department encounter resistance from academic staff to a more commercial approach or are not able to provide the support or development required. The outcome of the REF is not as positive as was hoped.</p> <p>Effect: Income growth expectations of the 5 year forecast are unrealised. Research funding opportunities are harder to come by. A market based approach to costing academic activity to slow to develop.</p>	<p>3 2</p> <p>High</p>	<p>R&E activity Pipeline Reports (Financial & Narrative) will be provided to each Executive Meeting to aid constant scrutiny and review of progress against 5 year income targets.</p> <hr/> <p>Enterprise Business Plan & strategy submitted for approval annually to SBUEL Board (which has 2 Non-Executive Directors) for monitoring & quarterly updates provided at LSBU Board meetings.</p>	<p>3 1</p> <p>Medium</p>	<p>Activity Pipeline: research, identify, prioritise & develop a range of major long term Research & Enterprise investment opportunities with potential to generate significant income and contribution over 5 years, pipeline update to be reported regularly.</p> <p>Person Responsible: Gurpreet Jagpal</p> <p>To be implemented by: 19/12/2014</p>

Corporate Level - Risk Register

Date	04/02/2015
Risk Status	Open
Corporate Objective	A 15-20 #7 Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
1	<p>Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape</p> <p>Risk Owner: David Phoenix</p> <p>Last Updated: 04/02/2015</p>	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to fees and funding models - Increased competition from Private Providers - Government policy changes and SNC cap removal - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position <p>Effects:</p> <ul style="list-style-type: none"> - Further loss of public funding - Loss of HEFCE contract numbers - Failure to recruit students - Business model becomes unsustainable 	<p>4 3</p> <p>Critical</p>	<p>Ketchum appointed to advise LSBU on the ongoing changes to the political environment for higher education & its external communications in response to these changes.</p> <hr/> <p>Financial controls (inc. forecasting & restructure) enable achievement of forward operating surplus target communicated to Hefce in July Forecast.</p> <hr/> <p>A horizon scanning report produced by the Director of Strategic Stakeholder Engagement is provided to each meeting of the Executive.</p> <hr/> <p>Maintain relationships with key politicians/influencers, boroughs and local FE</p> <hr/> <p>Annual review of corporate strategy by Executive and Board of Governors</p> <hr/> <p>Student Access & Success Strategy for 14/15 through OFFA</p>	<p>4 1</p> <p>High</p>	<p>Develop a simple reputation management dashboard to summarise media coverage, social media analytics, forthcoming event activity, and a RAG rating of reputational risks for regular reporting.</p> <p>Person Responsible: Andrew McCracken</p> <p>To be implemented by: 31/03/2015</p> <hr/> <p>Full review of organisational processes to ensure clarity of roles and functions, and alignment with key deliverables of Corporate Delivery plan.</p> <p>Person Responsible: David Phoenix</p> <p>To be implemented by: 31/07/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
362	<p>Low staff engagement impacts performance negatively</p> <p>Risk Owner: David Phoenix</p> <p>Last Updated: 04/02/2015</p>	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> •Bureaucracy involved in decision making at the University •No teamwork amongst departments at the University •Staff feeling that they do not receive relevant information directly linked to them and their jobs •Poor pay and reward packages •Poor diversity and inclusion practises <p>Effects:</p> <ul style="list-style-type: none"> •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases 	<p>3 3</p> <p>High</p>	<p>Cascade messages from Ops Board circulated for Cascade Meetings within each School & Professional Function.</p> <hr/> <p>Departmental Business Planning process</p> <hr/> <p>Direct staff feedback is encouraged through the "asktheVC@" email address and through feedback forms on intranet and 'developing our structures' microsite.</p> <hr/> <p>Scheduled Team meetings</p> <hr/> <p>Regular Business review meetings</p>	<p>3 2</p> <p>High</p>	<p>Deliver a planned programme of activities to ensure continued awareness raising and promotion of the Behavioural Framework, to embed the values in to HR documentation, and to develop baseline measures.</p> <hr/> <p>Person Responsible: Cheryl King-McDowall</p> <p>To be implemented by: 31/07/2015</p> <hr/> <p>Develop and launch Stakeholder Change Network in conjunction with Change Programme Office</p> <p>Person Responsible: Cheryl King-McDowall</p> <p>To be implemented by: 30/01/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
397	Effectiveness of delivery impaired as Institution goes through restructuring process Risk Owner: David Phoenix Last Updated: 21/11/2014	<p>Cause & Effect:</p> <p>Cause: The structural re-organisation of academic groupings from 4 faculties to 7 schools. The re-focusing of support departments into professional service clusters. - undertaken to underpin academic and business effectiveness.</p> <p>Effect: Staff morale could be impacted negatively by process of change, and by perceived threats to job security, which impairs enthusiasm and contribution in role. In turn this can cause high performing staff to seek employment elsewhere, which can cause skills shortages and loss to the institutional knowledge base. Service levels - to staff and students - could be impacted negatively by teams trying to deliver business as usual whilst also going through the change process. Data reliability might be impaired if the translation process encounters issues such as limitations with the flexibility of existing software solutions, unforeseen time or money resource implications or error in the relocation process.</p>	3 3 High	<p>The Executive team have taken a Project Management Approach to the Change, appointing as Executive Director of HR an expert on Organisational change, and freeing up staff from within the organisation to act as a change team for the Programme Director, whom reports directly to the Executive.</p> <hr/> <p>The Executive have developed a Communications Strategy to ensure significant consultation with internal and external stakeholders.</p> <hr/> <p>New Professional Service groupings will be created from existing business units to minimise impact on service delivery.</p> <hr/> <p>Routine monitoring of high level action tracker for institutional transition by Operations Board.</p> <hr/> <p>Regular report to Operations Board on the Opportunities risks and issues in the "Creating the Schools" project.</p>	3 2 High	<p>New action - 15 Change Programme Projects to be monitored by the Executive through the Project Office, with regular updates to the Board.</p> <p>Person Responsible: Amir Rashid To be implemented by: 30/03/2015</p>

Corporate Level - Risk Register

Date	04/02/2015
Risk Status	Open
Corporate Objective	A 15-20 #8 Strategic Enabler – Infrastructure: Investing in first class facilities underpinned by outcome focused services responsive to academic need
Risk Area	Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
2	Revenue reduction if marketing and PR activity does not achieve recruitment targets Risk Owner: Paul Ivey Last Updated: 04/02/2015	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Changes to UGFT fees - Increased competition (removal of SNC cap in 15/16) - Changes to UKVI tier 4 arrangements - Failure to develop and communicate brand & lsbu graduate attributes - Lack of accurate real-time reporting mechanisms - LSBU late entrant to international student market - Poor league table position - Portfolio or modes of delivery do not reflect market need - Tighter tariff policy during clearing <p>Effects:</p> <ul style="list-style-type: none"> - Under recruitment - loss of international income - Loss of HEFCE contract numbers - to 14/15 - Failure to meet related income targets 	4 3 Critical	<p>Report on student applications is presented to every monthly meeting of Operations Board & reviewed by Board of Governors</p> <hr/> <p>Advance predictions of student recruitment numbers informs the Annual five year forecast submitted to Hefce each July</p> <hr/> <p>Differentiated marketing campaigns are run for FTUG, PTUG and PG students on a semesterised basis.</p>	4 2 Critical	<p>Develop partnership strategy for working with local schools</p> <p>Person Responsible: Tere Daly To be implemented by: 30/09/2014</p> <hr/> <p>Develop strategy for LSBU Graduate Attributes at all award levels to ensure continued course competitiveness, to be generated through the learning pathway. Stage 1: Launch draft proposals & have further consultation in February & March.</p> <p>Person Responsible: Mike Molan To be implemented by: 31/03/2015</p> <hr/> <p>International strategy to be developed incorporating both Collaborations and Partnerships and the International Office.</p> <p>Person Responsible: Jennifer Parsons To be implemented by: 26/06/2015</p> <hr/> <p>Oversee pilot project regarding ICT app developed to report on supervision session attendance for Masters and PhD students.</p> <p>Person Responsible: Jamie Jones To be implemented by: 29/05/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
3	Staff pension scheme deficit increases Risk Owner: Richard Flatman Last Updated: 04/02/2015	<p>Cause & Effect: Causes:</p> <ul style="list-style-type: none"> - Increased life expectancies - Reductions to long term bond yields, which drive the discount rate - Poor stock market performance - Poor performance of the LPFA fund manager relative to the market - TPS/USS schemes may also become subject to FRS17 accounting <p>Effects:</p> <ul style="list-style-type: none"> - Increased I&E pension cost means other resources are restricted further if a surplus is to be maintained - Balance sheet is weakened and may move to a net liabilities position, though pension liability is disregarded by HEFCE - Significant cash injections into schemes may be required in the long term 	3 3 High	<p>Switch of inflator from RPI to CPI (expected to be lower in the long term)</p> <hr/> <p>Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars</p> <hr/> <p>Annual FRS 17 valuation of pension scheme</p> <hr/> <p>Regular Reporting to Board via CFO Report</p> <hr/> <p>DC pension scheme for SBUEL staff.</p> <hr/> <p>Tight Executive control of all staff costs through monthly scrutiny of management account and operation of recruitment freeze policy with defined exceptions.</p> <hr/> <p>New LPFA scheme terms, effective April 2014, with increased personal contributions</p> <hr/> <p>Strict control on early access to pension at redundancy/restructure</p>	3 2 High	<p>Ongoing participation in sector discussions regarding employer categorisation.</p> <p>Person Responsible: Richard Flatman To be implemented by: 31/03/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
6	<p>Management Information is not meaningful, unreliable, or does not triangulate for internal decision or external reporting</p> <p>Risk Owner: Richard Flatman</p> <p>Last Updated: 04/02/2015</p>	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Lack of strategic vision for information technology - Proliferation of technology solutions - Data in systems is inaccurate - Data systems are insufficient to support effective delivery of linked management information - Resource constraints & insufficient staff capability delay system improvement - unclear data during clearing - Lack of data quality control and assurance mechanisms <p>Effects:</p> <ul style="list-style-type: none"> - Insufficient evidence to support effective decision-making at all levels - Inability to track trends or benchmark performance - Internal management information insufficient to verify external reporting - over-recruitment penalties - HESA/HESES returns not credible - League table position impaired by wrong data - UKBA licence revocation if conditions not satisfied = loss of £8m+ revenue/year, & reputation damage - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course 	<p>3 3</p> <p>High</p>	<p>Internal Auditors Continuous Audit programme provides regular assurance on student and finance information, including UKVI compliance.</p> <hr/> <p>Engagement between International Office, Registry & School Admin teams to ensure UKVI requirement compliance, specifically regarding:</p> <ul style="list-style-type: none"> - Visa applications and issue of CAS - English language requirements - Reporting of absence or withdrawal <hr/> <p>Systematic data quality checks and review of key data returns prior to submission by B.I.U.</p> <hr/> <p>International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKVI processes.</p> <hr/> <p>Sporadic internal audit reports on key systems through 3 year IA cycle to systematically check data and related processes:</p> <ul style="list-style-type: none"> - HR systems - Space management systems - TRAC - External returns 	<p>3 2</p> <p>High</p>	<p>Oversee production of PID for ICT Strategy / Architecture Change Programme Project - to address system mapping issues and an approach to data warehousing.</p> <p>Person Responsible: Ian Mehrrens</p> <p>To be implemented by: 31/10/2014</p> <hr/> <p>Deliver phase 1 deliverables of the Data Quality Management change project - including an agreed Data Management Policy & framework, and confirmation of all corporate datasets and identification of related owners.</p> <p>Person Responsible: John Baker</p> <p>To be implemented by: 30/04/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
		accreditation etc)				
14	Loss of NHS contract income Risk Owner: Warren Turner Last Updated: 18/08/2014	<p>Cause & Effect: Cause: NHS financial challenges/ structural change is resulting in a total review of educational comissioning by Health Education England with an expected overall 40% reduction in available funding. In addition late decision making over community programmes. Plus London Educational Contracts last intake September 2014 (apart from physio and adult nursing) and possible retenders or preferably a return to National Framework Failure to recruit to target inspite of increased applications due to low numeracy and literacy pass rates. Failure to maintain student numbers on the contract resulting in clawback Effect: Reduction in income Reduced staff numbers Negative impact on reputation</p>	3 3 High	<p>Named Customer Manager roles with NHS Trusts, CCGs and HEE.</p> <hr/> <p>Monitor quality of courses (QCPM and NMC) annually in autumn (QCPM) and winter (NMC)</p> <hr/> <p>Support with numeracy and literacy test preparation Develop BSc Health and Social Care by September 2015 for applicants not meeting course tariffs requirements and to support PGDip recruitment.</p> <hr/> <p>Regular contact with HEE DEQs, None Medical Deans and commissioning contract managers.</p>	3 3 High	<p>Attend consultation events with CoD and HEE (review of LEC and NF, NHS Pre-reg contract benchmark price / move to Outcome Based Commissioning could = drop in NHS income)</p> <p>Person Responsible: Warren Turner To be implemented by: 15/11/2014</p> <hr/> <p>Continue contract discussions with HEE/ LETB's as LEC last intake for all by Physio and adult nursing September 2014. Attempt to extend contracts or revert to National Framework</p> <p>Person Responsible: Warren Turner To be implemented by: 01/11/2014</p> <hr/> <p>Ensure a quality campus in each HEE/ LETB area. Plan for none renewal of Havering lease in 2018. Negotiate re inclusion in Care City plans with NELFT and Barking</p> <p>Person Responsible: Warren Turner To be implemented by: 01/11/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						<p>Grow into new markets for medical and private sector CPPD provision</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 30/10/2014</p> <hr/> <p>Develop opportunities for further International 'in-country' activity in Malaysia, Singapore, Hong Kong, India and Saudi.</p> <p>Person Responsible: Mary Lovegrove</p> <p>To be implemented by: 30/12/2014</p> <hr/> <p>Increase uptake in band 1-4 activity Support Trusts in seeking external (non NHS) funding</p> <p>Person Responsible: Sheelagh Mealing</p> <p>To be implemented by: 01/12/2014</p> <hr/> <p>Improve NSS participation & scores Develop action plans for Departments and Faculty from results of 2014 NSS</p> <p>Person Responsible: Sue Mullaney</p> <p>To be implemented by: 30/10/2014</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
37	Capital investment ambitions of forward estate strategy undermine financial sustainability Risk Owner: Richard Flatman Last Updated: 04/02/2015	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Poor project controls - Lack of capacity to manage/deliver projects - Reduction in agreed/assumed capital funding - Reduction in other government funding <p>Effects:</p> <ul style="list-style-type: none"> - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students 	3 3 High	<p>Management Accounts, with a CAPEX report section, are provided to each meeting of the P&R Committee, and the Board receives business cases in relation to all planned capital expenditure > £1million.</p> <hr/> <p>Full Business Cases prepared; using guidance and process approved by Executive - including clarity on cost and funding, for each element of Estates Strategy, and approved by Board of Governors where cost = >£1M.</p> <hr/> <p>ncluding all capital spend. Guidance developed as part of new process.</p> <hr/> <p>Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval</p> <hr/> <p>Property Committee is a sub-committee of the Board of Governors and has a remit to review all property related capital decisions.</p> <hr/> <p>Capex reporting routines established and embedded into regularly updated financial forecasts & management accounts and regular Board reports.</p> <hr/> <p>LSBU Project methodology & Estates & Facilities Dept project controls, including Governance arrangements applied to all Capex projects.</p>	3 1 Medium	<p>Complete report on the final negotiations for the Student Centre. Update: the 12 month defects liability period has past & we're working through the final defect list. No progress on Final Account completion until works are done to ensure completion. POE due by Feb 14.</p> <hr/> <p>Person Responsible: Ian Mehrtens To be implemented by: 30/04/2013</p> <hr/> <p>Lead a time limited working group; led by the University, with external development & regeneration expertise, to provide a focus and direction for the development of the St George's quarter site and for estate development up to 2035.</p> <hr/> <p>Person Responsible: Ian Mehrtens To be implemented by: 29/05/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
305	Student & corporate data not accessed and stored securely or appropriately	<p>Cause & Effect: Cause: Loss or inappropriate access to data, or breach of digital security; either en masse (e.g. address harvesting) or in specific cases (e.g. loss of sensitive files / data)</p> <p>Effect: Reputational damage, regulatory failure, undermining of academic credibility or compromise of competitive advantage.</p>	3 2 High	Responsibility for control over data protection risks at an institutional level allocated to Director of ICT.	3 2 High	<p>Deliver project to ensure mandatory training is delivered to staff via ICT log on, to include data security awareness.</p> <p>Person Responsible: Cheryl King-McDowall To be implemented by: 30/06/2015</p> <hr/> <p>Respond to findings of PWC 14/15 internal audit report into data security.</p> <p>Person Responsible: Rob McGeechan To be implemented by: 30/05/2015</p> <hr/> <p>Liaise with new HR Deputy Director-Organisational Development to consider and deliver strategy to increase awareness of this risk to all staff, especially including the dangers of phishing and enforcement action for non-compliance with university policy.</p> <p>Person Responsible: Mandy Eddolls To be implemented by: 31/10/2014</p>

	PAPER NO: AC.08(15)
Paper title:	New SORP Update
Board/Committee	Audit committee
Date of meeting:	26 February 2015
Author:	Natalie Ferer, Financial Controller
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update Audit Committee on the University's progress preparing for the introduction of the new Statement of Recommended Practice (SORP) for preparation of the University's annual financial statements.

Executive Summary	
Context	The Audit Committee reviews the University's annual financial statements together with its accounting policies. The committee is also responsible for reviewing the work of the external auditors.
Question	Is the university making adequate plans to ensure that it is ready to implement the new SORP in time for the 2015/16 financial year end?
Conclusion & Recommendation	That the committee notes the plan and progress made to date.

Matter previously considered by:	N/A	N/A
Further approval required?	Audit committee	June 2015

Background

Higher Education providers will be required to adopt the financial reporting standard FRS102 and produce accounts in line with the new SORP for accounting periods starting on or after 1st January 2015. For LSBU this means a 1st August 2014

transition date, a 31 July 2015 comparative balance sheet and the first FRS102 compliant accounts being prepared for 31 July 2016.

Items in the SORP which may impact on LSBU's accounts include the accounting treatment of some non-government grant income and some enhanced disclosures around related parties and senior staff remuneration. The finance team is reviewing all potential impacts to ensure compliance with the new SORP.

Preparation and review:

Preparation is already underway including attendance at training courses by members of the finance team who have begun to map out how the new SORP will impact on the Financial Statements. We have met Debbie Moorhouse, our external audit manager at Grant Thornton, to discuss our initial findings and to agree a timetable for completing our preparation. Grant Thornton will complete their review of our preparation, accounting treatment and accounting policies before submission to audit committee in June and as part of their July and September 2015 audit work. They have indicated that their fees for this additional work will be between £5k and £10k.

The key stages planned are:

Agree timetable for conversion work	15 Feb 2015
Model impact of new SORP on LSBU transactions	28 Feb 2015
Grant Thornton review preparation and new accounting policies	April 2015 (dates tbc)
Audit Committee consider new Accounting Polices	4 Jun 2015
Implement necessary changes to Agresso and begin to maintain accounting records in line with SORP	From 31 st July 2015
Preparation of comparative accounts at 31/7/15	Sept 2015
Prepare accounts in line with new SORP	Sept 2015

Recommendation:

That the committee notes the plan and progress made to date.

	PAPER NO: AC.09(15)
Paper title:	TRAC return
Board/Committee	Audit committee
Date of meeting:	26 February 2015
Author:	David Kotula, Reporting Analyst
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To retrospectively approve the TRAC return (submitted to HEFCE on 30 January 2015) based on the assurances provided.

Executive Summary	
Context	<p>The Transparent Approach to Costing return (TRAC) is a mandatory return made annually in January. The key purpose of the return is to provide an analysis of University income and costs allocated to Teaching, Research and other activity.</p> <p>The key risk is incorrect data analysis leading to erroneous results.</p> <p>HEFCE guidance requires that the return is approved by a Committee of the Board of Governors. The purpose of this report is to provide such assurance and request approval of the return for 2013/14.</p>
Question	Can committee approve the TRAC submission based on the assurances?
Conclusion & Recommendation	That committee approves the TRAC return.

Matter previously considered by:	Audit Committee	Annually
Further approval required?	None	N/A

Executive summary

A copy of the TRAC return is attached.

Assurances regarding process

The following assurances are provided to Committee with regard to process:

1. Reconciliation to accounts

- The TRAC return is an annual return completed every January. The basis for the 2013/14 return was the financial accounts for year ended 31/07/2014. The return has been checked and reconciles to the published financial accounts.
- The analysis includes costs down to individual staff level for teaching staff and to cost centre level for School support staff. Individual staff costs are extracted from payroll data used in the management accounts and the staff cost data in Agresso. All figures have been reconciled back to the published accounts.

2. Compliance with guidelines/regulations

- The return has been prepared by the Reporting Analyst in Finance and Management Information (FMI) in accordance with version 5.1 of the regulations set down by HEFCE for the preparation of the TRAC return. This includes any updated regulations or issues raised at the TRAC self-help groups organised by the TRAC Development Group and BUFDG.
- The regulations state that support and guidance should be gathered from School managers and that the results be discussed with representatives from each School. The results have been shared and reviewed in detail.
- Additional adjustments have been made to the published accounts to reflect the Return on Finance and Investment (RFI) and infrastructure adjustment costs in line with the guidance. These have been calculated based on the TRAC regulations and are designed to reflect the true cost of running the establishment.
- The core costing information is based on the amount of time spent teaching for each academic member of staff. This is derived from a Time Allocation Survey (TAS) that is completed four times a year. The regulations state that the results should be reviewed and verified by School managers to allow for any adjustments to be made prior to using the data in the TRAC return. Appropriate review has been undertaken by School representatives.

- Additional cost drivers are based on student FTE derived from the HESES13 dataset, staff FTE's derived from Payroll and HR data, space allocation from the Estates and Facilities (EAF) Tribal K2 System, and library usage data from the Library and Learning Resource Centre.
- All cost data is derived from the Agresso finance system at a cost centre and source code level. This data is reconciled against the source files used by the Financial Accountant to produce the published accounts.
- The robustness and accuracy of the data was verified during a review process by Ralph Sanders – Director of Planning, Information and Reporting.

3 Prior Discussion and review.

- The process and key checklist document were discussed with the chair of the Audit committee Andrew Owen on 28/01/2015
- In addition to the review by the Director of Planning, Information and Reporting, the completed return has been reviewed by the CFO, DVC nad VC before final signature
- Final sign-off was on 29/01/2015.
- The report was submitted within the deadline set by HEFCE.

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University Code: H-0076 UKPRN: 10004078 Proposed TRAC Peer Group: E

Declaration by Head of Institution*

I confirm that the costs, income and charge-out rate information reported in the attached return have been prepared in accordance with the TRAC requirements as set out in the Statement of Requirements (version 5.1 October 2014, <http://www.jcpsg.ac.uk/guidance/require/>)

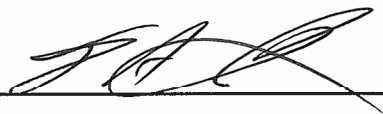
I confirm that a full self-assessment of compliance against each point listed in the Statement of Requirements (version 5.1 October 2014) has been carried out in the last three years. I also confirm that a Board Committee has specifically reviewed the results of the tests for reasonableness and has either confirmed compliance or has drawn up an action plan for any areas where the institution is not fully compliant. I confirm that the Board Committee has lay membership as per Update 6 (paragraph 2.13).

With reference to the TRAC data loaded on: TRAC data not yet uploaded

Name of Board committee which confirmed compliance with the TRAC requirements. Audit Committee	Date of meeting at which compliance was confirmed (Please enter in the format of dd/mm/yyyy) 23/02/2015
---	---

If the Board Committee is meeting after the date of this return, please also state in the box below who provided the confirmation for this return, and the date (e.g. Chairman's Action, or management committee). Please note that responsibility still lies with the Board Committee for this confirmation.

Name of person/committee who provided confirmation for this return. Richard Flatman	Date of confirmation (Please enter in the format of dd/mm/yyyy) 28/01/2015
--	--

Signed: (Head of Institution*) 

Name: Professor David Phoenix

Title: Vice-Chancellor

Date: 29/1/15

To be returned no later than 30th January 2015

The name and title of the head of institution* must be completed before the return is uploaded to the HEFCE extranet (secure area of the HEFCE website). The results file should then be printed and signed by the head of institution*. Please scan the signed hard copy and upload electronically to the funding councils via the HEFCE extranet.
The Funding Councils no longer require a paper copy.

* Accountable Officer where this is not the Head of the Institution

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University
Code: H-0076
UKPRN: 10004078
Proposed TRAC Peer Group: E

IN CONFIDENCE

To be returned no later than 30th January 2015. Earlier submissions welcome.

Please select the version of guidance you have used to complete this return

Version 5.1 October 2014

This worksheet has passed all validation checks

Institutional results

Data collected for use by the Funding Councils

	£000	As a % of expenditure
<i>Actual Operating Surplus</i>		
Total income* (per audited financial statements for 2013-14)	134,754	
Total expenditure* (per audited financial statements for 2013-14)	131,658	
Operating surplus/(deficit) per audited financial statements	3,096	2.4%
<i>Target Operating Surplus</i>		
Infrastructure adjustment	4,966	3.8%
Return for financing and investment adjustment	9,194	7.0%
Target surplus for sustainable operations (infrastructure adjustment + RFI adjustment)	14,160	10.8%
Sustainability gap (difference between target surplus for sustainable operations and operating surplus/(deficit))	11,064	8.4%
Full economic cost (total expenditure + target surplus for sustainable operations)	145,818	110.8%

* The income and expenditure lines as reported in the financial statements should be adjusted, where appropriate, in line with section B.1.7 of the Statement of Requirements (version 5.1 October 2014) in respect of joint ventures, minority interests and endowments.

Notes:

1. Exceptional items (as defined by FRS 3 - i.e. those items appearing after the operating surplus/(deficit)) should not be included in the total income or full economic cost lines above.
2. Please ensure that the net RFI adjustment on expenditure is calculated in accordance with the guidance provided at section B.2.6 of the Statement of Requirements (version 5.1 October 2014) and Update 6 (<http://www.jcpsg.ac.uk/guidance/revisions/>)

Is your institution eligible for and applying dispensation from 1 April 2015? Please select Yes/No from the drop-down box

No

(Eligibility is defined as institutions with less than £3,000,000 annual research income from public sources. A rolling average of Research income (over five years) is used to assess whether £3,000,000 has been reached or not. More information on dispensation can be found in section A.4 of the Statement of Requirements (version 5.1 October 2014): www.jcpsg.ac.uk/guidance/require/)

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078
 Proposed TRAC Peer Group: E

Analysis of TRAC results

(A) TRAC income and full economic costs by activity

Data collected for use by the Funding Councils

	Teaching		Research £000	Other £000	Total £000
	Publicly funded £000	Non-publicly funded £000			
Income	101,398	9,558	5,426	18,371	134,754
TRAC full economic costs	105,486	8,791	13,002	18,536	145,816
Recovery of full economic costs (income as a % of full economic costs)	96.1%	108.7%	41.7%	99.1%	92.4%

Note: Income allocation guidance is contained in Annex 16 of the TRAC guidance and can be found here: www.jcpsg.ac.uk/guidance/annexes.htm

Section B (Teaching and Research income by source) has been removed. These data are no longer collected by the Funding Councils.

(C) Research income and full economic costs by research sponsor type

Data collected for use by the Funding Councils and RCUK

	Recurrent research funding from the funding councils £000	Institution-own funded £000	Postgraduate research £000	Research Councils £000	Other govt departments £000	European Union* £000	UK-based Charities £000	Industry** £000	Total Research £000
	Income	1,968	263	940	542	716	345	319	334
TRAC full economic costs		4,823	5,407	687	745	494	425	421	13,002
Recovery of full economic costs (income as a % of full economic costs)		5.4%	17.4%	78.9%	96.0%	69.8%	75.1%	79.3%	41.7%

Is your allocation of academic staff time to research sponsor types robust? Please select Yes/No from the drop-down box.

Yes

* European Union covers EU government bodies including the Commission. This is the same as that defined under 3(e) in Table 6b of the HESA Finance Statistics Return.

** Industry should include all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (i.e. EU-based charities, EU industry and EU other), Overseas charities, Overseas industry and Other sources.

For further details of definitions please see B.1.5 and B.7.2a of the Statement of Requirements (version 5.1 October 2014).

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078
 Proposed TRAC Peer Group: E

This worksheet has passed all validation checks

(D) Calculation of indirect and estates cost charge-out rates for Research

Data collected for use by the RCUK and for benchmarking

Please select box (shown on the right) if you do not calculate an estates laboratory rate or an estates non-laboratory rate

			Indirect	Estates non-laboratory	Estates laboratory
Cost per TRAC allocated to research			5,800	584	1,059
Academic staff	FTEs	(i)	604.3	214.9	389.5
% research time of academic staff (Please enter as a % out of 100)		(ii)	10.5	10.5	10.5
Resulting in direct time of academic staff		(i) * (ii)	63.2	22.5	40.7
Research assistants and fellows	FTEs		29.7	10.6	19.1
PGRs	FTEs		208.5	133.5	75.0
	weighted by		0.2	0.5	0.8
	weighted FTEs		41.7	66.8	60.0
Total FTEs			134.6	99.8	119.9
Rate (£)			43,095	5,856	8,835
Indexation (two years) %			4.1	4.1	4.1
Indexed year 1 rate (£)			44,862	6,096	9,197

Note:

The laboratory estates costs should exclude all costs of laboratory technicians and major or small research facilities (which are reported under E.1 below). The non-laboratory estates costs should include relevant elements of these costs, unless you are charging them separately (when again they would then be reported under E.1)

Do you calculate and apply different indirect rates for each department? Please select Yes/No from the drop-down box
 If Yes please list the departments and the rates in table D(a) in the worksheet "RCUK_Departmental_rates"

Do you calculate and apply different estates rates for each department? Please select Yes/No from the drop-down box
 If Yes please list the departments and the rates in table D(a) in the worksheet "RCUK_Departmental_rates"

(E) Calculation of laboratory technician and research facility charge-out rates for Research

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078
 Proposed TRAC Peer Group: E

Data collected for use by the RCUK and for benchmarking

In section E, it is not a TRAC requirement to identify laboratory technician costs in non-laboratory departments separately from estates costs. If you do identify laboratory technician costs separately, please respond using the drop-down box (this will provide you with cells to enter data in the tables below).

Please choose an option from the drop-down box to inform us if you have no lab technicians and/or no research facilities

	Research		Total £000
	Non-laboratory ¹ £000	Laboratory £000	
E.1 Total costs allocated to Research			
1. Major research facilities and small research facilities ²			
2. Laboratory technicians			
a. DI ³		0	0
b. Pool		150	150
c. Infrastructure		0	0
Total		150	150
Total costs		150	150

Note:

¹ Many institutions will not have identified these costs separately from estates costs in non-laboratory research disciplines. It is not a TRAC requirement.

² Major research facilities and small research facilities should include all costs included in the calculations of the charge-out rates for MRFs and SRFs, whether charged as DI or DA.

³ Please enter the costs of all DI technicians allocated to research irrespective of whether their salary was allocated wholly to DI, or partly to Support and partly to DI.

Please describe the rates that you calculate and apply on small research facilities and major research facilities on table E(a) in the worksheet "RCUK_Departmental_rates"

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078
 Proposed TRAC Peer Group: E

E.2 Analysis of total estates costs allocated to Research (this table will automatically be completed with information from sections D and E.1.)	Non-laboratory ¹ £000	Laboratory £000	Total £000
1. Estates costs included in the estates cost rate calculation	584	1,059	1,643
2. Gross estates costs (i.e. estates plus all technicians and all research facilities.)	584	1,209	1,793
3. % of gross estates costs			
a. Major research facilities and small research facilities			
b. Laboratory technicians			
i. DI		0.0	0.0
ii. Pool		12.4	8.4
iii. Infrastructure		0.0	0.0
Total		12.4	8.4
Total	0.0	12.4	8.4

Note - It is assumed here, for benchmarking purposes only, that all research facility and laboratory technician costs were originally part of a gross estates cost (even though in practice some of these costs would have been DI and not in the estates cost total at all and some of these costs may have been in indirect costs). The gross estates cost is calculated for you on row E.2.2. No research facility or laboratory technician cost (whether DI or DA) are in the estates cost total that is used for the estates cost rate calculation - row E.2.1.

E.3 Calculation of laboratory technician infrastructure rate	Non-laboratory ¹	Laboratory	Total
Total laboratory technician infrastructure costs (£000)			
Academic/researcher/PGR FTEs			
Laboratory technician infrastructure rate per FTE (£)			

Indexation (Two years) %
 Indexed year 1 rate (£)

Do you calculate and apply laboratory technician infrastructure rates separately for each department?
 If Yes please list the departments and the rates in table D(a) in the worksheet "RCUK_Departmental_rates"

No

(F) Analysis

Data collected for use by the RCUK

F.1 Analysis of Support costs
 Estates costs and indirect costs

	Teaching £000	Research £000	Other - academic department activities £000	Other - standalone enterprise activities such as residences, catering and (most) trading companies ¹ £000	Total £000
Estates costs (excluding research facilities and lab technicians)					
Return for Financing and Investment Adjustment	3,655	266	790	0	4,711
Other estates costs	18,885	1,377	1,043	2,815	24,119
Total estates costs	22,540	1,643	1,833	2,815	28,831
Indirect costs					
Support time of academic staff	11,894	1,552	360	0	13,806
Central services	42,415	2,691	1,218	0	46,324
Support staff in academic departments	4,687	1,216	236	0	6,140
Non-staff costs in academic departments	0	0	0	0	0
Return for Financing and Investment Adjustment	2,985	340	465	0	3,790
Total indirect costs	61,981	5,800	2,279	0	70,059
Total Estates and Indirect costs	84,521	7,443	4,112	2,815	98,890

¹ Please refer to TRAC Update 6 September 2011.

F.2 Analysis of staff time

Number of academic and research staff in the year (FTEs)

Academic staff covered by Time Allocation Survey ²	604.3
Research assistants & fellows (wholly charged to R)	29.7
Other academic staff (wholly charged to T or O)	77.9
Total academic and research staff FTEs	711.9

¹ Academic staff covered by the time allocation survey reported in the table above should be the total number of academic staff who are covered by the current AST percentages, irrespective of whether they provided time estimates this year or in either of the two prior years, or whether they were actually part of the sample selected to provide data or not.

Academic staff covered by Time Allocation Surveys for the whole institution

	Teaching	Research	Other	Support	Total
% time unweighted for salaries ³	66.9	10.5	1.9	20.8	100.0
% time weighted for salaries	65.4	10.0	2.0	22.6	100.0
Academic staff costs (£000s)	21,542	3,285	655	13,806	39,288

² See section 2.7 of the TRAC Update 6 September 2011 for further detail.

This table shows the institutional total of the department percentages that have been used to allocate academic staff costs.

Support for Teaching, Support for Research, Support for Other should all be shown under Support.

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078
 Proposed TRAC Peer Group: E

IN CONFIDENCE

(G) Calculation of the Margin for Sustainability and Investment

Data collected to inform the FSSG evaluation exercise

Completion of this section is optional

In HEFCE's review of TRAC, institutions commented that the RFI adjustment is not sufficiently tailored to each institution's circumstances and expressed the need to replace it. The FSSG undertook a study to assess alternative approaches to the RFI. Following this work, the Margin for Sustainability and Investment (MSI) has been proposed as an alternative. Institutions are invited to calculate their MSI for the AY 2013-14 as part of FSSGs continuing evaluation of the impact of the proposal to replace the RFI adjustment with the MSI in determining the full sustainable costs of HEIs' activities. Collection of data on the MSI calculation is included in this year's TRAC return to provide fuller information to facilitate comparison with the RFI and Infrastructure adjustments. Institutions should note that the average earnings before interest, tax, depreciation and amortisation (EBITDA) calculation now covers six years which is in line with the calculation adopted by HEFCE in determining institutions financial commitments threshold. Further information about the MSI and ASSUR process is available on the FSSG web page. Three relevant documents are the FSSG update on the ASSUR project (August 2014), the September 2013 newsletter that communicates a modification to the ASSUR reporting, and section four of the ASSUR Implementation notes, which describes how to calculate the MSI. FSSG plan to issue further communications in respect of the ASSUR and the evaluation is complete.

[FSSG Update on the ASSUR project and next steps \(August 2014\)](#)

[FSSG newsletter \(September 2013\)](#)

[ASSUR Implementation Notes](#)

Any enquiry about this section of the return should be directed to Andrew Bush, e-mail andrew.bush@kpmg.co.uk

The MSI is given by the institution's average required level of cash generation (EBITDA) over six years, divided by the adjusted turnover for the current year.

G.1 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

	Actual 2011-12 £000	Actual 2012-13 £000	Actual 2013-14 £000	Forecast 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000	6 year average £000
Surplus for the year retained within general reserves	6,515	5,501	3,097	1,000	1,012	950	3,013
Interest payable	4,019	3,433	3,776	4,672	4,637	4,575	4,185
Tax charges / (credits)	0	0	0	0	0	0	0
Depreciation	10,989	7,870	8,568	10,490	11,168	11,919	10,167
Release of deferred capital grants	-1,686	-1,893	-1,982	-1,533	-1,213	-1,059	-1,561
Amortisation	0	0	0	0	0	0	0
Exceptional items as defined in FRS 3	0	556	0	0	0	0	93
FRS17 staff charges/(credit)	0	0	0	0	0	0	0
EBITDA	19,837	14,355	13,459	14,629	15,604	16,385	15,712

G.2 Margin for Sustainability and Investment (MSI)

	£000
Consolidated turnover (per audited financial statements 2013-14)	134,754
Release of deferred capital grants 2013-14 (per audited financial statements 2013-14)	-1,982
Adjusted turnover 2013-14	132,772
MSI	11.8%

G.3 Apportionment of the MSI and of the infrastructure and RFI adjustment between TRAC categories

To inform the evaluation of the MSI that the FSSG are undertaking, it is necessary to understand how the MSI is allocated between the TRAC categories (T, R and O). Enquiries have been made with a small number of institutions to ascertain the most appropriate and representative method of apportionment. These initial enquiries have suggested that the use of total expenditure as the basis of apportionment between T, R and O is likely to be representative at an institution level. Therefore in the table below, the weights of Teaching, Research and Other on a total expenditure basis (TRAC full economic costs from section A, less cost adjustments) have been applied to the MSI, to understand the relative contribution of each activity to this indicator. These data will inform the appraisal of the MSI and in particular the possible use by RCUK of the Research proportion of the MSI in their funding model.

To support the FSSG evaluation described above, institutions are asked to provide information on how the Infrastructure and the RFI adjustments are currently apportioned between the TRAC categories.

	Teaching	Research	Other	Total
Infrastructure adjustment (£000)	0	0	0	0
Infrastructure adjustment (%)	0.0%	0.0%	0.0%	0.0%
RFI adjustment on expenditure (£000)	0	0	0	0
RFI adjustment on expenditure (%)	0.0%	0.0%	0.0%	0.0%
RFI adjustment on assets (£000)	0	0	0	0
RFI adjustment on assets (%)	0.0%	0.0%	0.0%	0.0%
MSI	0.0%	0.0%	0.0%	0.0%

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078
 Proposed TRAC Peer Group: E

Please use the text box below if you wish to comment on the appropriateness of the basis of apportionment of the MSI between the TRAC categories. Other options considered were to use Total Estates Expenditure, Management Judgment or allocation based on financial forecasts and capital expenditure plans, but issues were identified with each method that led to the suggestion that Total Expenditure provides the most reasonable basis of apportionment. Please do however provide you views, experience and suggestions on this issue.

Please type directly into this comment box, rather than copying and pasting text. Pasting text may cause errors when you upload your return.

G.4 Comparison with the Infrastructure adjustment and the RFI adjustment

The MSI is calculated as a percentage of 2013-14 adjusted turnover. For ease of comparability, the Infrastructure and the RFI adjustments are shown below as a percentage of 2013-14 total income, as well as a percentage of total expenditure.

	As a % of income	As a % of expenditure
Infrastructure adjustment	3.7%	3.8%
RFI (Return for financing and investment) adjustment	<u>6.8%</u>	<u>7.0%</u>
Infrastructure adjustment + RFI adjustment	10.5%	10.8%

For the purpose of the FSSG study, it would be helpful to understand why the MSI is greater than the sum of the RFI and the Infrastructure adjustments as a percentage of income.

If your institution's MSI is greater than the sum of the RFI and the Infrastructure adjustments as a percentage of total income, please use the text box below to explain why this occurs.

The Infrastructure adjustment is calculated on the basis of buildings depreciation only, excluding all other assets groups. The total used for 2013/14 was £5.625M against an average used in the EBITDA of £10.167M. Therefore the EBITDA has £4.5M of additional adjustment.

Please type directly into this comment box, rather than copying and pasting text. Pasting text may cause errors when you upload your return.

Row 19 of the "Summary" worksheet shows the 2012-13 and 2013-14 values for the MSI as % of adjusted income. Please provide a comment where the 2013-14 value is more than +/- 2% different to the 2012-13 value.

Please also use the text box below for other more general comments or observations on the MSI and the basis of apportionment between the TRAC categories.

The MSI figure for 2012/13 was incorrectly calculated to include FRS17 staff charges. The correct EBITDA information is as stated above, therefore the MSI % for 2012-13 using the six year rolling average above and an income figure of £137.855M would be 11.6%. On these rebased figures the YoY variance is -1.1%

Please type directly into this comment box, rather than copying and pasting text. Pasting text may cause errors when you upload your return.

Any enquiry about this section of the return should be directed to Andrew Bush, e-mail andrew.bush@kpmg.co.uk

Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University

Code: H-0076

UKPRN: 10004078

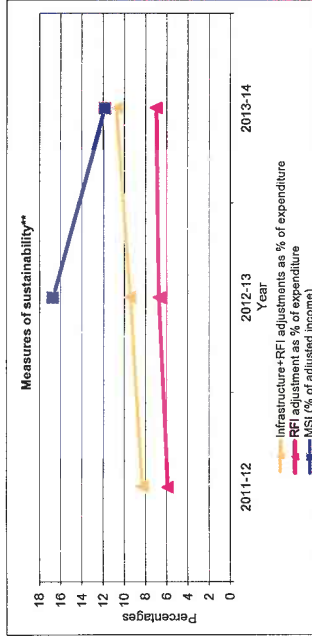
Proposed TRAC Peer Group: E

The 2011-12 and 2012-13 data columns are prefilled using data from the annual TRAC returns submitted in January 2013 and January 2014 respectively. The 2013-14 column will be automatically completed as the data in the other sheets of this workbook are completed. Please review the summary analysis after completion of the workbook and prior to submission as part of your reasonableness checks. In addition to the data in this summary sheet, you are reminded that benchmarking analysis comparing your 2011-12 and 2012-13 data to that of other TRAC peer groups and the UK sector is available to download from the HEFCE extranet. Benchmarking of 2013-14 data will be made available by April 2015.

Institutional section

	2011-12	2012-13	2013-14	% difference 2011-12 to 2012-13	% difference 2012-13 to 2013-14
Total expenditure	131,753	131,798	131,658	0.0	-0.1
Infrastructure adjustment	3,179	3,968	4,966	13.2	38.0
RFI adjustment	7,784	8,854	9,194	13.7	3.8
Target surplus for sustainable operations (infrastructure adjustment + RFI adjustment)	10,963	12,452	14,160	13.6	13.7
As a % of total expenditure					
Infrastructure adjustment	2.4	2.7	3.8		
RFI adjustment	5.9	6.7	7.0		
Target surplus for sustainable operations (infrastructure adjustment + RFI adjustment)	8.3	9.4	10.8		
As a % of adjusted income					
Margin for Sustainability and Investment (MSI)*		16.7	11.8		

* Please note that the MSI is calculated as a % of adjusted income, while the RFI and Infrastructure adjustments are shown as % of expenditure.



TRAC income and full economic costs by activity

Source: Section A

	2011-12	2012-13	2013-14
Recovery of full economic costs (income as a % of costs)			
Publicly funded Teaching	100.3	100.6	96.1
Non-publicly funded Teaching	101.9	112.0	108.7
Research	42.7	41.5	41.7
Other	128.7	105.3	99.1
Total	96.9	95.6	92.4

Research income and full economic costs by research sponsor type

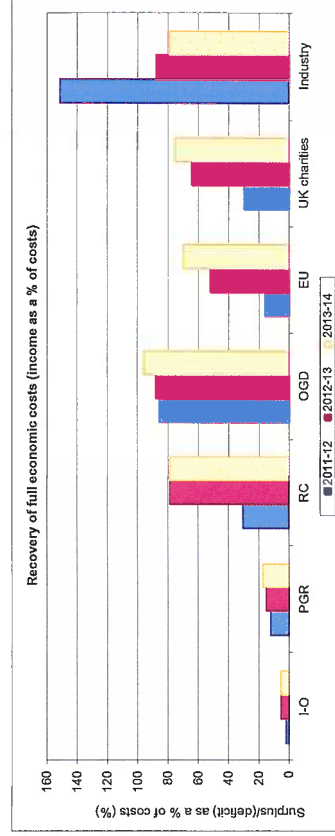
Source: Section C

	2011-12	2012-13	2013-14
Recovery of full economic costs (income as a % of costs)			
Recurrent research funding from the funding councils			
Institution-own funded research	1.9	5.3	5.4
Postgraduate research	12.0	15.0	17.4
Research councils	30.2	78.8	76.9
Other government departments	85.5	88.0	96.0
European union *	16.0	52.1	69.8
UK charities	29.5	64.3	75.1
Industry **	151.3	87.8	79.3
Total research	42.7	41.5	41.7

* European Union covers EU government bodies including the Commission. This is the same as that defined under 3(e) in Table 6b of the HESA Finance Statistics Return.

** Industry should include all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (i.e. EU-based charities, EU industry and EU other), Overseas charities, Overseas industry and Other sources.

For further details of definitions please see B.1.5 and B.7.2a of the Statement of Requirements (version 5.1 October 2014).



Annual TRAC return reporting for AY 2013-14

Institution: London South Bank University

Code: H-0076

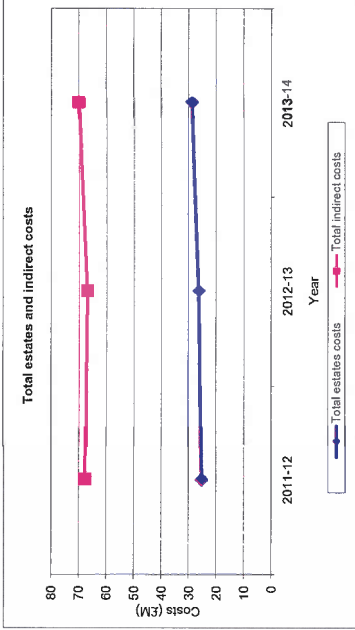
UKPRN: 10004078

Proposed TRAC Peer Group: E

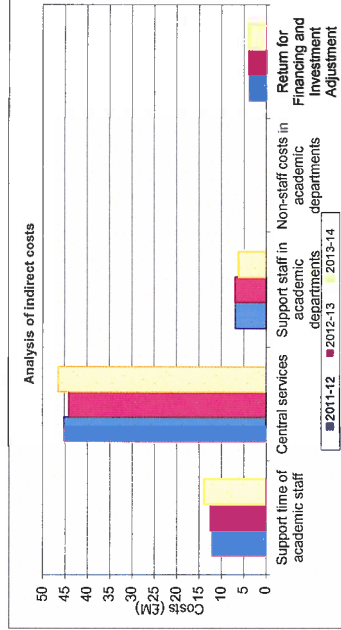
Analysis of support costs, indirect costs and estates costs

Source: Section F

	2011-12	2012-13	2013-14	% difference 2011-12 to 2012-13	% difference 2012-13 to 2013-14
Total estates costs	25,276	26,326	28,831	5.7	4.2
% of estates costs allocated to research	6.0	5.6	5.7	9.5	
Total indirect costs	67,540	67,086	70,059	8.3	-0.7
% of indirect costs allocated to research	11.0	9.4	8.3	4.4	
Total indirect costs excl RFI adjustment	63,841	63,330	66,269	8.2	-0.8
% of indirect costs (excl RFI adjustment) allocated to research	11.0	9.3	8.2	4.6	



	2011-12	2012-13	2013-14	% difference 2011-12 to 2012-13	% difference 2012-13 to 2013-14
Support time of academic staff	11,961	12,372	13,806	3.4	11.6
Central services	45,054	44,028	46,324	-2.3	5.2
Support staff in academic departments	6,826	6,930	6,140	1.5	-11.4
Non-staff costs in academic departments	0	0	0	0.0	0.0
Return for Financing and Investment Adjustment	3,699	3,756	3,790	1.5	0.9
Total indirect costs	67,540	67,086	70,059	-0.7	4.4



Your workbook has 1 validation warning(s)/failure(s). For details please see the messages below.

Checklist
Validation failed Please complete the checklist
 Please ensure all aspects of the TRAC return have been completed in accordance with this checklist
 Select Yes, No or N/A from the drop-down boxes

- Do academic and research assistant/fellow staff numbers reconcile with those used as cost drivers?
- Do PGR numbers reconcile with those included in student number cost drivers?
- Have research facility and laboratory technician costs been allocated to Teaching and Other activities where appropriate and excluded from the research facility or laboratory technician rates?
- Have PGR scholarships, bursaries etc been excluded from the indirect costs for Research?
- Have Teaching costs been taken into the TRAC (T) model? (select N/A if you are an institution in Wales)
- Are total income and total expenditure (institutional results section) consistent with the data reported in the financial statements*?
- Have figures been compared to those of prior years and significant differences understood and explained (see commentary section and 'Summary' worksheet)?
- Has a Board Committee confirmed the results have been prepared in accordance with the TRAC requirements based on a full self assessment of compliance (Statement of Requirements, version 5.1 October 2014, section A.5.3)?
- Do you currently use TRAC data for internal management purposes? If so, please provide examples in the comment box at the end of the checklist section.
- Does your institution use a workload planning/management approach to time allocation data (see TRAC Update 6 paragraph 3.3)?
- Do you consider that your time allocation data and TRAC cost data are robust and provide utility to your institution?
- Has the RFI adjustment been calculated in accordance with the guidance provided at section B.2.6 of the Statement of Requirements (version 5.1 October 2014) and Update 6?

Comment box to provide examples of internal uses of TRAC data.

* The income and expenditure lines as reported in the financial statements should be adjusted, where appropriate, in line with section B.1.7 of the Statement of Requirements (version 5.1 October 2014) in respect of joint ventures, minority interests and endowments.

Commentary Section
 Please upload an electronic commentary document along with your completed return to explain any of the following (if highlighted in purple):
 Commentary documents should be submitted as a Word or PDF document via the secure area of the HEFCE website.

- Recovery of full economic costs on PFT is more than 105%.
- Recovery of full economic costs on NPFT is less than 100%.
- Recovery of full economic costs on industry** activity is less than 75%.
- Recovery of full economic costs on Research Councils activity is less than 30% or more than 80%.
- Recovery of full economic costs on Research Council activity is less than the recovery of full economic costs on charities activity.
- Recovery of full economic costs on Research Council activity is less than the recovery of full economic costs on European Union activity.
- Recovery of full economic costs on Other Government Department activity is less than recovery of full economic costs on Research Council activity.
- Recovery of full economic costs on Research Council activity, Charities activity, European Union activity and/or Other Government Department activity is more than 100%.
- Indirect cost rate is more than £42,000 or less than £30,000.**
- Estates laboratory rate is less than estates non-laboratory rate.
- Estates laboratory rate is more than £16,000 or less than £7,000.
- Estates non-laboratory rate is more than £9,000 or less than £4,000.

13. Total income and/or Total expenditure reported on the TRAC return is not consistent with data in the Financial statements and the difference is not due to the surplus/deficit on joint ventures, minority interest or endowments.

In addition:

14. Please comment on any material unusual movements in your TRAC return when comparing the data with your 2012-13 TRAC return. See 'Summary' worksheet for examples of year on year comparisons

The request for an explanation does not mean that your figures are wrong, simply that they may require further review and explanation. Please also note that figures for the rates quoted here are not the lower quartile and upper quartile figures, which would show a much narrower range.

** Industry should include all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (i.e. EU-based charities, EU industry and EU other), Overseas charities, Overseas industry and Other sources.

Workbook validation checks
 If, for any reason, you get any validation failures/warnings, you should review your figures to ensure they have been completed correctly before submitting your return to HEFCE. If you have a genuine reason for a validation failure/warning, please submit a commentary document with an explanation of this.
 Commentary documents should be submitted as a Word or PDF document via the HEFCE extranet.

- The name of a Board Committee and a date of the meeting at which compliance with the TRAC requirements was confirmed should be entered in the "Signoff_Sheet" worksheet.
 Validation passed
- The name and title of the Head of institution should be entered on the "Signoff_Sheet" worksheet.
 Validation passed
- The version of guidance used for this return should be selected on the "Annual_TRAC" worksheet.
 Validation passed

Institutional Results

- Only those institutions who have selected that they are not eligible for or applying dispensation should complete section D, E and F.
 Validation passed
- The RFI and the infrastructure adjustments would usually be greater than zero.
 Validation passed

Section A

- Total income recorded in section A should equal total income recorded in the institutional results section.
 Validation passed
- Total full economic costs recorded in section A should equal the full economic cost recorded in the institutional results section.
 Validation passed

Section C

- Recurrent research funding from the funding council should be recorded in the income line of the first column in section C.
 Validation passed

Comment box to explain differences.

- Total research income recorded in section C should equal total research income recorded in section A.
 Validation passed
- Total research costs recorded in section C should equal total research costs recorded in section A.
 Validation passed
- The question on robustness of the allocation of academic staff time to research sponsor type should be completed.
 Validation passed

Your workbook has 1 validation warning(s)/failure(s). For details please see the messages below.

Section D

12. If you have identified that you do not calculate an estates laboratory rate or an estates non-laboratory rate in the drop-down box in section D, then the relevant columns should be left blank.

Validation passed

13. Academic staff numbers allocated to estates should be equal to or within 10% of those allocated to indirect costs.

Validation passed

14. The % research time of academic staff (any column in row i) would usually be less than 50%.

Validation passed

15. The % research time of academic staff in the indirect column should not be greater than both of the % research time returned in the two estates columns or less than both of the % research time returned in the two estates columns.

Validation passed

16. Direct time of academic staff in estates should be equal to or within 10% of those allocated to indirect costs.

Validation passed

17. If academic staff numbers (estates) equals indirect staff numbers (row (i)), then the direct time of academic staff (indirect) should equal the direct time of academic staff in the estates columns (row (iii)).

Validation passed

18. Research assistant/fellows numbers allocated to estates should be equal to or within 10% of those allocated to indirect costs.

Validation passed

19. PGR student numbers allocated to estates should be equal to or within 10% of those allocated to indirect costs.

Validation passed

20. Indexation should not be negative or 0 and would usually be less than 10%.

Validation passed

Section E

21. If you do not identify laboratory technician costs in non-laboratory departments, (i.e. you have left the first drop-down box at the top of section E blank) then the relevant column in all of section E should be left blank.

Validation passed

22. Please ensure you have recorded whether you have lab technicians and/or research facilities consistently in table E.1. and the second drop-down box at the top of section E.

Validation passed

23. Institutions recording laboratory estates costs in section D should identify some laboratory costs in table E.1.

Validation passed

24. Laboratory technician infrastructure rate per FTE (£) in table E.3 should be completed and would usually be less than £8,000.

Validation passed

25. Academic/researcher/PGR FTEs in table E.3 should be equal to the total FTEs in section D (for both laboratory and non-laboratory columns).

Validation passed

26. Research intensive institutions (those in TRAC peer groups A or B) would usually report laboratory technician infrastructure rates in table E.3.

Validation passed

27. Research intensive institutions (those in TRAC peer groups A or B) would usually report research facilities in table E.1.

Validation passed

28. If you calculate a laboratory technician infrastructure rate, please enter an indexed rate i.e. indexation should not be negative or 0 and would usually be less than 10%.

Validation passed

Section F

29. Research Indirect costs in table F.1 should equal those recorded in the first line of section D.

Validation passed

30. Research estates costs in table F.1 should equal those recorded in the first line of section D.

Validation passed

31. The sum of the estates costs element and of the indirect costs element of the RFI adjustment in table F.1 should not be more than the total RFI adjustment in the Institutional results section.

Validation passed

32. Total support time for academic staff from table F.1 should be equal to the academic staff costs for support reported in table F.2.

Validation passed

33. Academic staff FTEs allocated to indirect costs in section D should be within 10% of Academic staff covered by Time Allocation Survey in table F.2.

Validation passed

34. Research assistants and fellows in table F.2 should equal those in section D.

Validation passed

35. Percentage time unweighted for salaries for research in table F.2 should be equal to the percentage research time for academic staff recorded in section D.

Validation passed

36. Percentage time weighted for salaries should be completed in table F.2.

Validation passed

37. The total % time of academic staff (both weighted and unweighted for salaries) in table F.2 should equal 100%.

Validation passed

38. Please check that costs in table F.1 have been correctly split between 'Other - academic department activities' and 'Other - standalone enterprise activities such as residences, catering and (most) trading companies'.

Validation passed

Confirm

Section G

39. The total infrastructure adjustment and the total RFI adjustment in section G.3 should be equal to the infrastructure and the RFI adjustments recorded in the institutional results section.

Validation passed

40. If the Margin for Sustainability and Investment is greater than sum of the RFI adjustment and the Infrastructure adjustment as percentage of total income, please fill in the comment box in section G.4.

Validation passed

Institutions in England only

41. The EBITDA data given in table G.1 should be within 10% of the data in the EBITDA table of the Financial Tables returned to HEFCE in July 2014.

Validation passed

Post submission Validation Section (Institutions in England only)

If, for any reason, you get any validation failures/warnings, you should review your figures and/or the response in checklist question 6, to ensure they have been completed correctly. If this is a data error then please correct your figures in the annual TRAC return and resubmit your workbook to HEFCE.

42. Total income reported in the Annual TRAC return (institutional results section) should be consistent with data in table 1 of the Financial Tables returned in December 2014*.

Validation passed

43. Total expenditure reported in the Annual TRAC return (institutional results section) should be consistent with data in table 1 of the Financial Tables returned in December 2014*.

Validation passed

44. The actual EBITDA values reported in section G.1 should be consistent with data in the EBITDA table of the Financial Tables returned in December 2014.

Validation passed

* The income and expenditure lines as reported in the financial statements should be adjusted, where appropriate, in line with section B.1.7 of the Statement of Requirements (version 5.1 October 2014) in respect of joint ventures, minority interests and endowments. For further information on how the post validation checks are calculated, please see the "Instructions" document included in the package you have downloaded from the HEFCE extranet.

	PAPER NO: AC.10(15)
Paper title:	Speak up – independent channel to raise concerns
Board/Committee	Audit Committee
Date of meeting:	26 February 2015
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Andrew Owen, Chairman of Audit Committee
Purpose:	To update the committee on the mini-tender for an independent telephone line for speak up matters.

Matter previously considered by:	Audit Committee	November 2014
Further approval required?	No	N/A

Executive Summary

At its meeting of November 2014, the Committee requested the Executive to consider the benefits of an external telephone line for concerned individuals to raise speak up matters independently of line management and the Executive.

In compliance with LSBU's procurement procedure, a request for quote was issued to three suppliers of speak up telephone lines.

The committee is requested to note an update on this mini-tender.

Speak Up – independent channel to raise concerns

1. The fully revised “speak up” policy was approved by the Board of Governors on 15th July 2010. The policy was communicated to all staff in an e-mail from the Vice Chancellor. The policy is available on the staff and student gateways.
2. Since its complete revision in July 2010, seven matters have been raised under the speak up policy. Each matter has been reported at the relevant meeting of the Audit Committee.
3. At a previous meeting of the Audit Committee (minute 32 of 12 June 2014 refers), members queried the effectiveness of LSBU’s Speak Up Policy. Although there is an independent route to the Chairman of the Audit Committee (see paragraph 4.1 in the policy below), there may be a “block” to using it because there is no direct access to the Chairman.
4. At its meeting of 25 September 2014 (minute 21 refers) the committee requested the Executive to consider the benefits of an external telephone line for concerned individuals to raise speak up matters independently of line management and the Executive.
5. Accordingly, a request for quote was issued to three organisations:
 - (i) Expolink;
 - (ii) Public Concern at Work; and
 - (iii) Safecall.
6. The three bidders were invited to give a presentation to the University Secretary, Deputy Director of Human Resources and Governance Manager earlier in February 2015:
7. The specification requirements set out in the request for quote are:
 - an independent source of advice about reporting matters of concern for LSBU “workers”;
 - separate consideration will be given as to whether to extend the advice line to students;
 - accessible means of seeking advice, whether by telephone, e-mail or post;
 - first-line support available outside usual business hours to facilitate contact away from LSBU;
 - written reports to four meetings of the Audit Committee p.a.;

- clear and timely reporting of legitimate concerns to nominated senior people outside the line management structure, including the Chair of the Audit Committee;
 - explanation of your method of distinguishing between genuine matters of concern and matters of due process for HR procedure;
 - confirmation of your independence from LSBU and details of your ownership;
 - explanation of how you preserve confidentiality of callers' identity;
 - your approach to data security in relation to records of calls and callers; and
 - service level for length of time to answer calls / respond to matters raised
8. The evaluation of the bids has been based on the extent that the requirements are addressed and value for money. Final approval of the successful company will be by the Chairman of the Audit Committee.
 9. Following the three presentations, the Executive recommends that Public Concern at Work is withdrawn from consideration. The reason for this is that they are an independent charity that wishes to provide support for workers in raising "whistleblowing" matters under the Public Interest Disclosure Act. Although they do provide an independent legal advice line for employees, they do not meet the reporting requirements that will help LSBU identify and act upon malpractice.
 10. The remaining two bidders, Expolink and Safecall, provide 24/7 telephone lines by which individuals may raise concerns. Both are able to guarantee anonymity of callers and have a mechanism by which those callers are able to receive feedback on the concern that they raise. Both provide reports of concerns raised to named senior contacts in LSBU. From those reports, we will have to decide what action to take, most likely an investigation.
 11. For the two, the cost of a 12 month contract to cover c.2,200 "workers" (all employees, agency staff, consultants, outsourced staff and volunteers) is similar and in the region of £4,000 p.a.
 12. The Executive recommends that as an initial phase, the service sought is for "workers" only. After 12 months, a further review may be carried out to assess how the service has been working and whether there is a benefit in extending it to students.

13. The Executive recommends that a further discussion is held with Expolink and Safecall in order to:
 - (i) refine the quotes for “workers” only;
 - (ii) understand in more detail the methods of reporting once a concern has been raised;
 - (iii) take references from (or visit) any existing education sector clients.
14. Following this refinement of the bids, a recommendation will be made to the Chairman of the Committee and a 12 month contract placed. Communication to “workers” will then follow.
15. Reports will continue to be made at each meeting of the Audit Committee and will include information on the calls made to the telephone line.
16. In addition, a revised speak up policy reflecting any changes needed in relation to the new independent channel to raise concerns will be brought to the next meeting of the Audit Committee.

*University Secretary
20th February 2015*

	PAPER NO: AC.11(15)
Paper title:	Speak up report
Board/Committee	Audit Committee
Date of meeting:	30 October 2014
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Executive sponsor:	James Stevenson, University Secretary and Clerk to the Board of Governors
Purpose:	To update the committee on any speak up matters raised since the last meeting

Executive Summary	
Context	The speak up policy enables employees and students to report any concerns about malpractice, helping to create an open and ethical culture in the workplace.
Question	Have any new speak up matters been raised since the last meeting?
Conclusion & Recommendation	One speak up matter was raised under the speak up policy to the Chairman of the Audit Committee since the last meeting. An update will be provided to the meeting.

Matter previously considered by:	Audit Committee	At each meeting
Further approval required?	No	N/A

	PAPER NO: AC.12(15)
Paper title:	Anti-Fraud, Bribery and Corruption Report
Board/Committee	Audit committee
Date of meeting:	26 February 2015
Author:	Natalie Ferer, Financial Controller
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To alert Audit Committee to any instances of fraud, bribery or corruption arising in the period since the committee last met.

Executive Summary	
Context	The Audit Committee oversee the policy on anti-fraud matters and ask to be notified of any action taken under those policies, including the Anti-Fraud and the Anti-Bribery policy.
Question	Have there been any instance of Fraud, Bribery or corruption since the last meeting?
Conclusion & Recommendation	That committee notes the update and the fact that no issues have arisen since the last meeting.

Matter previously considered by:	Audit Committee	At every meeting
Further approval required?	None	N/A

New matter arising since the last meeting:

There are no matters arising since the last meeting.

	PAPER NO: AC.13(15)
Paper title:	Finance and Management Information (FMI) structure and leadership team
Board/Committee	Audit committee
Date of meeting:	26 February 2015
Author:	Richard Flatman, Chief Financial Officer
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update Audit Committee regarding changes to the structure of the finance department and any potential succession issues.

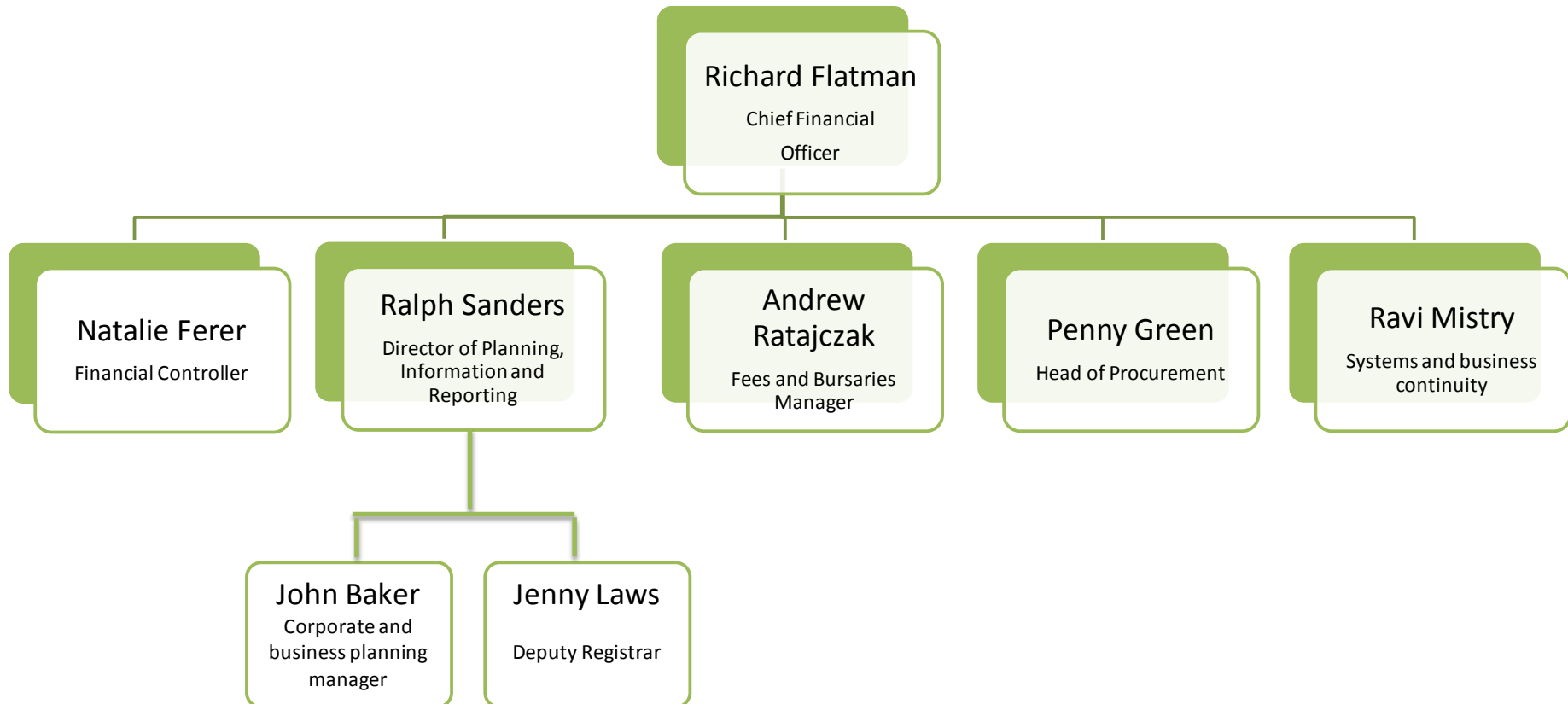
Executive Summary	
Context	<p>There has been a significant change in the structure of finance since the last report to committee in February 2014.</p> <p>For all professional services as part of the recent re-structure, the goal was to create a number of agile groups which, like the new Schools, can develop to reflect the requirements of their customer base. Finance and Management Information (FMI) was created by combining the Finance department with elements of the Registry function. The purpose of the new group is to lead the group finance function and facilitate the University's business planning and corporate performance review processes through the provision of budget and planning guidance alongside consistent financial and non-financial information. The group also maintains oversight of financial and key data returns and oversees the integrity and consistency of those returns. As part of the overall assurance mechanisms the group also manages the internal and external audit functions.</p> <p>Committee is asked to note the functional structure of the new professional service function together with the FMI senior leadership team (attached).</p> <p>The CFO will give a verbal update at the meeting regarding</p>

London South Bank
University

	the team and any succession planning issues.
Question	Have there been any changes to structure and or leadership of the team which impact succession planning?
Conclusion & Recommendation	That committee notes the report.

Matter previously considered by:	Audit Committee	Annually
Further approval required?	None	N/A

FMI management team



FMI FTEs

	Current	Potential transfer from		Total
		School admin	Technicians	
Financial control	24.9	0.0	0.0	24.9
Planning, information & reporting	33.6	2.0	0.0	35.6
Fees and Bursaries	8.4	0.0	0.0	8.4
Procurement	6.0	3.6	2.0	11.6
Systems & business continuity	1.0	0.0	0.0	1.0
FMI	73.9	5.6	2.0	81.5

Registry Responsibilities.

Remaining with Registry	Not remaining with Registry
<p>Academic Integrity</p> <p>Appeals</p> <p>Awards and Conferments</p> <p>Clearing systems and membership of the Clearing team</p> <p>CPD programme for student admin staff (including course administrators)</p> <p>Crystal reporting</p> <p>Curriculum set-up and maintenance</p> <p>Enrolment systems and processing (but strategic lead to Marketing)</p> <p>Exams (including management of the exams process)</p> <p>HESA Returns (Student, Aggregate Offshore, ITT, KIS)</p> <p>HESES</p> <p>MEQ processing</p> <p>Non-conformance reporting</p> <p>Production of the Registry Handbook</p> <p>Re-enrolment</p> <p>Replacement certificates, transcripts and confirmation letters</p> <p>Coordination of Assessments and Exam Board reporting</p> <p>Responsibility for QLS – including development, training & support, supplier liaison etc</p>	<p>Academic Regulations (to PVC (Students and Education))</p> <p>Admissions (to Marketing)</p> <p>Planning (although continue to support Ralph's team)</p>

Items in **Red** remain in Registry for now, but are potentially subject to further discussion/consultation