

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

Present

Duncan Brown (Chair)
John Cole
Mark Lemmon

Apologies

Rob Orr
Jack Stapleton
Ruth Ireland

In attendance

David Phoenix (to minute 6)
Pat Bailey
Alison Chojna (minute 5 only)
Natalie Ferer
Richard Flatman
Kerry Johnson
Nicole Louis (minute 5 only)
James Stevenson
Graeme Wolfe (minute 5 only)
Fleur Nieboer (external auditor)
Gemma Wright (internal auditor)

1. Welcome and apologies

The Chair welcomed members to the meeting.

The above apologies were noted.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

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

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

4. Matters arising

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

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

5. **Coronavirus business recovery**

Business recovery project

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

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

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

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

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

Cyber security

With Alison Chojna, Nicole Louis and Graeme Wolfe

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

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

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

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

6. Apprenticeships: ESFA minimum standards notification

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

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

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

7. Group external audit plan

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

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

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

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

8. Internal audit 2019/20 progress report

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

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

9. Internal audit: follow-up report

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

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

Conflicting language on procurement findings would be clarified.

10. Internal audit: accounts receivable

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

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

11. Internal audit: HESA student data

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

12. Internal audit: Research Excellence Framework

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

13. Internal audit 2020/21 draft plan

The committee discussed the draft 2020/21 Group internal audit plan and three year internal audit strategy. The plan had been reviewed by the SBC Audit Committee and Group Executive, who were comfortable with the plan. It was noted that the SBA Audit Committee would review at their next meeting.

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

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

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

14. **Group corporate risk approach**

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

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

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

15. **Corporate risk report**

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

16. **Annual debt write-off**

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

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

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

17. **Decisions and approvals**

The committee discussed procedures for dealing with:

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

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

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

18. **Anti-fraud**

Anti-fraud policy review

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

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

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

Anti-fraud, bribery and corruption report

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

19. **OfS conditions of registration**

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

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

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

20. **Data protection report**

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

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

21. Speak up report

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

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

22. Audit Committee business plan

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

23. Matters to report to the Board following the meeting

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

**Date of next meeting
4.00 pm, on Wednesday, 12 August 2020**

Confirmed as a true record

Duncan Brown

..... (Chair)