

**London South Bank
University**

	PAPER NO: AC.60(12)	
Board/Committee:	Audit Committee	
Date:	30 October 2012	
Paper title:	External audit performance	
Author:	Natalie Ferer, Financial Controller	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
Recommendation by the Executive:	The Executive recommends that the Audit Committee note this report	
Aspect of the Corporate Plan to which this will help deliver?	Financial sustainability	
Matter previously considered by:	None	
Further approval required?	None	
Communications – who should be made aware of the decision?	Grant Thornton	

Executive Summary

The external audit for the year ended 31 July 2012 has been completed and a summary of performance against agreed KPIs is attached. No material issues have arisen. The committee is requested to note this report.

Key Performance Indicators (KPIs)

The agreed KPIs are listed below with a summary of performance against them for the 2011/12 financial year end audit.

Dialogue with the University

1. Establish and maintain good lines of communication throughout the year and at critical times for the Audit.

Measure/Target:

- *Significant issues identified during fieldwork communicated immediately and directly to Executive Director of Finance*
- *Audit planning and clearance meetings set up by 30 June of each year*
- *Auditor to update LSBU on any significant Financial Reporting developments as and when they occur*

- Achieved. There were no significant issues identified during the fieldwork. Communication between the audit team and the Financial Controller and her Financial Accounting team was good.
- Achieved. Audit planning meeting took place on 14th May 2012. At this meeting it was agreed that the clearance meeting would take place in the second week of October and the actual date of the clearance meeting was October 15th.
- Achieved. Any Financial Reporting developments were discussed as they occurred.

2. Effective and timely planning with Management to address areas of risk and discuss and agree the responses with Management and present these in the audit strategy prior to 31 May each year.

Measure/Target: Areas of risk and management responses agreed by 31 May

- Achieved. Audit planning meeting held 14th May 2012 with Audit Approach Memorandum presented to Audit Committee on June 20th 2012.

3. Communicate with Management in relation to reporting standards and their impact on the University.

Measure/Target: Auditor to update LSBU on any significant Financial Reporting developments as and when they occur

- Achieved

Reporting and Communication

4. Annual audit work, including Financial Statements, completed by 31 October following the relevant financial year end.

Measure/Target: Audit work and financial statements completed by 31 October

Achieved:

- Audit fieldwork completed by 5 October 2012 for review.
- Draft financial statements sent to Audit Committee on 30 October 2012.

5. Timely discussion of findings with Management so issues are resolved promptly.

Measure/Target:

- *Significant issues identified during fieldwork communicated immediately and directly to Executive Director of Finance*
- *Less significant issues communicated immediately to Financial Controller*

Communication of issues met the targets

- There were no significant issues identified during the audit fieldwork.
- Less significant issues were communicated to the Financial Controller.

6. **Timely reporting of Audit strategy and findings to comply with the requirements of the Audit Committee which would normally be 10 working days prior to the relevant date.**

Measure/Target: Reports completed and submitted 10 working days before date of relevant committee meeting

- Partially achieved: Audit committee papers sent to members 6 working days before the meeting

7. **Issue of a separate management letter highlighting any significant accounting and control issues arising from the audit. (A copy of this letter will be sent to the HEFCE Assurance Service to enable them to see what observations have been made about the internal control system and how management have responded).**

Measure/Target: Separate management letter compiled for submission to HEFCE

- Achieved.

8. **An innovative audit approach, offering timely advice and constructive, practical, relevant and value added recommendations for improvement.**

Measure/Target: Advice and analysis not directly relevant to financial statement audit included within annual audit report.

- Advice delivered in audit committee report.

Other Measures

9. Independent, professional and suitably experienced staff engaged on the Audit.

Measure/Target: No avoidable staff rotation, with exception of 5 year partner rotation

- Achieved. The audit Partner, Judith Newton was due to rotate off the audit after the 2012 audit with David Barnes taking over in 2013. This has happened a year earlier as Judith has taken a sabbatical for a year. Claire Hersey has returned as manager following maternity leave last year, and there was continuity on the team with Phyllis Odonkor leading the on-site team.

10. Effective liaison with the internal auditors in order to maximise efficiency from total audit effort.

Measure/Target:

- *External auditors meet internal auditors as part of planning process*
- *External auditors review completed internal audit reports and rely on their work if appropriate*

- Achieved. External audit reviewed the internal audit work specifically related to the financial statements and placed reliance on that work as appropriate.