

Minutes of a Meeting of the Audit Committee  
Held at 4pm on Thursday, 5 November 2015  
In room 1B16, Technopark, London Road, London, SE1

**Present**

Steve Balmont	Chair
Douglas Denham St Pinnock	
Mee Ling Ng	
Shachi Blakemore	( <i>from minute 5</i> )

**External Auditors**

David Barnes	Grant Thornton ( <i>except minutes 20-21</i> )
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**Internal Auditors**

Charlotte Bilsland	PricewaterhouseCoopers ( <i>except minutes 20-21</i> )
Justin Martin	PricewaterhouseCoopers ( <i>except minutes 20-21</i> )

**In attendance**

Prof David Phoenix	Vice Chancellor and Chief Executive
Natalie Ferer	Financial Controller
Richard Flatman	Chief Financial Officer
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

**Welcome and apologies**

1. No apologies had been received.

**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 24 September 2015 were approved (paper **AC.52(15)**) for publication, subject to the agreed redactions.

**Matters arising**

4. The committee received an update on data security. The Executive reported that the Identity and Access Management (IAM) project would be completed by the end of February 2016. An update will be given at the next meeting.
5. The committee noted that it would do a self-assessment of its effectiveness every two years. A light touch effectiveness review would be carried out in alternate years.

*Shachi Blakemore entered the meeting*

**Audit findings**

6. The external audit partner presented the audit findings for year end 31 July 2015 of Grant Thornton, external auditors (paper **AC.50(15)**). It was reported that the audit was substantially complete and that no material weaknesses had been identified. Grant Thornton agreed to reflect the updated position in relation to IT control findings in appendix A.
7. The committee noted that the Financial Controller was reviewing the process of journals authorisation.
8. The External Audit partner confirmed Grant Thornton's independence from LSBU.

**Internal audit annual report**

9. The committee noted the final internal audit annual report (paper **AC.51(15)**). The report would be sent to HEFCE.

**Going concern review**

10. The committee approved the going concern review (paper **AC.52(15)**) and recommended that the Board signs the accounts (which are prepared on a going concern basis). The review provided assurance for the going concern statement in the annual report and accounts.

**Letter of representation to auditors**

11. The committee discussed the letter of representation to the auditors (paper **AC.53(15)**), which was recommended to the committee by the Executive. 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.

#### **Draft report and accounts, 2014/15**

12. The committee reviewed the draft report and accounts for 2014/15 (paper **AC.54(15)**). The surplus was £1.2m.
13. The committee recommended the accounts to the Board for approval, subject to minor amendments while the audit was being completed.

#### **Draft audit committee annual report**

14. The committee approved the draft audit committee annual report to the Board (paper **AC.55(15)**), as recommended by the executive. The final report, signed by the Chair of the Audit Committee would be submitted to HEFCE.

#### **External audit performance**

15. The committee noted that Grant Thornton, the external auditors, had achieved their agreed key performance indicators (paper **AC.56(15)**).

#### **Review of non-audit services**

16. The committee noted that during the year 2014/15 Grant Thornton had provided corporate tax advisory services with a value of £4,110 (paper **AC.57(15)**).

#### **Internal controls – annual review of effectiveness**

17. The committee noted the annual review of effectiveness of internal controls (paper **AC.58(15)**). The review provides assurance for the statement of internal control in the statutory accounts. The final report was unchanged from the draft considered at the previous meeting.

#### **Risk Register**

18. The committee noted the corporate risk register (paper **AC.59(15)**). The risks relating to international recruitment and the impact of the green paper and comprehensive spending review would be updated. The committee noted that the register was discussed at monthly operations team meetings.

**Internal audit progress report**

19. The committee noted the internal audit progress report (paper **AC.60(15)**). Three planned internal audits were being scoped and would be reported to the meeting of 11 February 2016.
20. The committee noted that PwC would review LSBU's compliance with the "Prevent" legislation.
21. The Internal Audit plan would be included in future reports.

**External audit tender plan**

*David Barnes, Charlotte Bilsland and Justin Martin left the meeting*

22. In the absence of the external and the internal auditors, the committee discussed the external audit tender plan (paper **AC.61(15)**). The committee noted that this was the final year of Grant Thornton's five year contract. The contract gives the option for two 12 month extensions.
23. The committee agreed to re-appoint Grant Thornton as External Auditors for an additional 12 months. At the end of this extension the committee agreed that the contract would be re-tendered. Planning for the re-tender would start in early 2017 prior to the expiry of the final 12 month extension.

*David Barnes, Charlotte Bilsland and Justin Martin rejoined the meeting*

24. The Chair informed Grant Thornton of the decision of the committee. The Chief Financial Officer would write to Grant Thornton to confirm the decision. The Board would be notified at its meeting of 26 November 2015.

**Annual value for money report**

25. The committee noted the annual value for money report (paper **AC.62(15)**) which demonstrated how the university had met its value for money obligations during 2014/15.

**Anti-fraud, bribery and corruption report**

26. The committee noted the anti-fraud, bribery and corruption report (paper **AC.63(15)**). No matters had been identified since the last meeting.

**Speak up report**

27. The committee noted the speak up report (paper **AC.64(15)**). 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, the going concern statement, letter of representation to the auditors, the audit committee annual report, review of internal controls and the external audit contract extension would be reported to the Board meeting of 26 November 2015.

**Any other business**

29. The committee noted that an audit by Penningtons had been undertaken on international recruitment. The report would be brought to the audit committee when the work is complete.
30. The committee requested that its business plan is a standing item on the agenda.

**Date of next meeting**

31. It was noted that the next meeting would be at 4pm on Thursday 11 February 2016.

The Chair closed the meeting.

Confirmed as a true record:

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Chair