

Meeting of the Audit Committee

4pm* on Thursday, 4 June 2015
in 1B16, Technopark, London Road, London SE1

* Pre meeting with the Internal Auditors at 3.45pm in 1B16, 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.14(15)	Chair
4.	Matters arising <ul style="list-style-type: none">• PwC appointment		Chair
5.	Data Security update report	AC.15(15)	COO/Dir of ICT
6.	External Audit		
7.	External audit plan (to approve)	AC.16(15)	GT
8.	Accounting policy under new SORP (to approve)	AC.17(15)	CFO
9.	Annual bad debt write off (to approve)	AC.18(15)	CFO
10.	Indicative pension assumptions (to note)	AC.19(15)	CFO
11.	Internal Audit		
12.	Progress Report (to review)	AC.20(15)	PwC
13.	Financial continuous auditing report (Jan – Apr) (to review)	AC.21(15)	PwC
14.	Student data continuous auditing report (Nov – Mar) (to review)	AC.22(15)	PwC
15.	Internal Audit plan, 2015/16 (draft) (to discuss)	AC.23(15)	PwC
16.	Risk and Control		
17.	Corporate Risk Report (to review)	AC.24(15)	CFO

18.	Other Matters		
19.	Anti-fraud policy review (to approve)	AC.25(15)	CFO
20.	Anti-fraud, bribery and corruption report (to note)	AC.26(15)	CFO
21.	Speak up policy review and helpline (to approve)	AC.27(15)	Sec
22.	Speak up report (to note)	AC.28(15)	Sec
23.	Closure of Projects within the Change Programme (to note)	AC.29(15)	VC
24.	TRAC(T) return to HEFCE (to ratify)	AC.30(15)	CFO
25.	Matters to report to the Board following this meeting		Chair
26.	Any other business		Chair
27.	Date of next meeting: 4pm on Thursday 24 September 2015		Chair

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

Internal Auditors: Charlotte Bilsland, Justin Martin and David Wildey (PwC)

External Auditors: David Barnes (Grant Thornton)

With: Vice Chancellor, Deputy Vice Chancellor, Chief Financial Officer, University Secretary, Financial Controller and Governance Assistant

Apologies: Shachi Blakemore

Minutes of a Meeting of the Audit Committee
held at 4pm on Thursday, 4 June 2015
in room 1B27, Technopark, London Road, London, SE1

Present

Andrew Owen	Chairman
Steve Balmont	
Douglas Denham St Pinnock	
Mee Ling Ng	

External Auditors

David Barnes	Grant Thornton
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Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers
Justin Martin	PricewaterhouseCoopers

In attendance

Prof David Phoenix	Vice Chancellor and Chief Executive
Pat Bailey	Deputy Vice Chancellor
Natalie Ferer	Financial Controller
Richard Flatman	Chief Financial Officer
Jenny Laws	Deputy Registrar (<i>for item 14</i>)
Rob McGeechan	Director of Digital Technology Transformation (<i>for items 5-6</i>)
Ian Mehrtens	Chief Operating Officer (<i>for items 5-6</i>)
James Stevenson	University Secretary and Clerk to the Board of Governors
Ruth Sutton	Governance Assistant

Welcome and apologies

1. Apologies had been received from Shachi Blakemore and David Wildey of PricewaterhouseCoopers.

Declarations of Interest

2. Steve Balmont declared an interest in relation to the independent speak up helpline (minute 20 refers). Mr Balmont declared that Safecall was a subsidiary of his employer's parent company. The committee noted that he had not been involved in the procurement process.

Minutes of the last meeting

3. The minutes of the meeting held on 26 February 2015 were approved (paper **AC.14(15)**) subject to the proposed redactions.

Matters arising

4. The committee noted that following a tender process PricewaterhouseCoopers had been re-appointed as Internal Auditor.

Rob McGeechan and Ian Mehrtens entered the meeting

Data Security update report

5. The committee discussed an update on data security (paper **AC.15(15)**), which set out actions being taken to improve data security following an Internal Audit report. The committee noted that a dedicated Head of Information Security had now been appointed.
6. The committee requested the Executive to closely monitor data security and the implementation of internal audit recommendations in this area.

Rob McGeechan and Ian Mehrtens left the meeting

External audit plan

7. The committee approved the external audit plan proposed by Grant Thornton for the year ending 31 July 2015 (paper **AC.16(15)**).

Accounting policy under new SORP

8. The committee approved the changes in accounting policies and financial reporting for financial year 2015/16 under FRS102 and the new Statement of Recommended Practice (SORP) for the education sector (paper **AC.17(15)**).

Annual bad debt write-off

9. The committee approved the write-off of tuition fee debt of £690,093 (paper **AC.18(15)**).
10. The committee requested further analysis of the outstanding debtors and the underlying causes.

Indicative pensions assumptions

11. The CFO reported that he expected to receive indicative assumptions to be used by the Local Government Pension Scheme actuaries in mid-June 2015 (paper **AC.19(15)**). The assumptions would be circulated to committee members via email for comment.

Internal Audit progress report

12. The committee noted the internal audit progress report (paper **AC.20(15)**).

Internal Audit report – Financial continuous auditing report (Jan – Apr)

13. The committee noted the financial continuous auditing report (Jan – Apr) (paper **AC.21(15)**).

Internal Audit report – Student data continuous auditing report (Nov – Mar)

Jenny Laws entered the meeting

14. The committee welcomed the second internal audit report on student data continuous auditing (paper **AC.22(15)**), which had been given a medium risk rating. The Deputy Registrar confirmed the approach was constructive.

Jenny Laws left the meeting

Internal Audit plan, 2015/16

15. The committee discussed the internal audit plan for 2015/16 in detail (paper **AC.23(15)**). The Executive would consider additional changes and bring back the final plan for approval in September 2015.

Risk Register

16. The committee noted the corporate risk register (paper **AC.24(15)**).

Anti-fraud policy

17. The committee approved the revised anti-fraud policy (paper **AC.25(15)**) which reiterated the University's zero tolerance approach to fraud.

Anti-fraud, bribery and corruption report

18. The committee noted the anti-fraud, bribery and corruption report (paper **AC.26(15)**).

Speak up policy review and helpline

19. The committee approved the revised speak up policy (paper **AC.27(15)**) and the appointment of Safecall to provide an independent helpline for employees.
20. The committee requested a review of effectiveness of the helpline in 12 months and whether to extend it to students.

Speak up report

21. The committee noted the speak up report (paper **AC.28(15)**). There had been one speak up matter had been raised with the Chairman, which was referred to the grievance procedure.

Closure of Projects within the Change Programme

22. The committee noted the closure of several projects under the Change Programme.
23. The committee noted that where relevant there would be post project reviews for projects within the Change Programme.

TRAC(T) Return

24. The committee ratified the TRAC(T) return (paper **AC.30(15)**), which had been reviewed in detail by a member of the committee and submitted to HEFCE.

Matters to report to the Board

25. The committee requested that the following items be reported to the Board meeting of 9 July 2015: data security update report; accounting policy under new SORP; internal audit plan 2015/16; anti-fraud policy review; speak up policy review and helpline; and the closure of projects within the Change Programme.

Any Other Business

26. Post Investment Reviews

Following the Governance Effectiveness Review discussion at the meeting of the Board of Governors of 14 May 2015, the committee confirmed that post-investment reviews should be considered at the new Major Projects and Investments Committee from September 2015 onwards. Significant deviations from business case or concerns would be referred to the Audit Committee.

Date of next meeting

27. It was noted that the next meeting would be at 4pm on Thursday 24 September 2015.

The Chairman closed the meeting.

Confirmed as a true record:

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Chairman

	PAPER NO: AC.14(15)
Paper title:	Minutes of the meeting of 26 February 2015
Board/Committee	Audit Committee
Date of meeting:	4 June 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 26 February 2015. Suggested redactions for publication on LSBU's website are highlighted in grey.

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 decreased 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



Committee Action Points

28 May 2015

13:54:21

Committee	Date	Minute	Action	Person Res	Status	
Audit	26/02/2015	9	Exec to monitor implementation rate of internal audit recommendations	CFO	Ongoing - reviewed Operations Team meetings	<input checked="" type="checkbox"/> Completed
Audit	26/02/2015	14	Update on progress of implementation of actions on Data Security to audit committee meeting of 4 June 2015	COO	On agenda	<input checked="" type="checkbox"/> Completed
Audit	26/02/2015	20	Presentation on revised SORP to 4 June 2015 audit committee meeting	CFO	On agenda	<input checked="" type="checkbox"/> Completed
Audit	26/02/2015	28	Matters to report to Board: outcomes of continuous audit of student data; data security audit; update on speak up advice line; and internal audit tender.	CFO	Completed - At its meeting of 14 May 2015, the Board of Governors noted these items. In addition, the Board ratified the re-appointment of PwC as Internal Auditor.	<input checked="" type="checkbox"/> Completed

	CONFIDENTIAL
	PAPER NO: AC.15(15)
Paper title:	2014/15 Internal Audit: Data Security.
Board/Committee	Audit Committee
Date of meeting:	4 June 2015
Author:	Rob McGeechan
Executive/Operations sponsor:	Ian Mehrtens, Chief Operating Officer
Purpose:	To provide an update of progress against the internal audit report into Data Security
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	
Recommendation:	The Author recommends that Committee: <ul style="list-style-type: none"> • Note this update

Matter previously considered by:		
Further approval required?		On:

Executive Summary

This paper provides an update of progress against the internal audit report into Data Security. The original report is attached as an appendix for information.

PWC Audit Current actions

Leavers and Joiners

Currently being rolled into the IBM/ IAMs procedure, this system is planned to be automated.

In addition, account management policy has been drafted to ensure controls moving forwards.

Estimated completion	Dec 2015
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Physical Security

Addressed in the physical security audit policy, initial audit will be undertaken in May, results of which will be actioned in June/July, completion by August.

This audit document will lead directly into the writing of an appropriate physical security policy.

Estimated completion	Aug 2015
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Logical Security

Password policy

Password policy has been rewritten, awaiting formal acceptance and adoption by the business.

As this is an ICT policy, approval is only necessary from Head of Information Security, Head of ICT and Director of Digital. However, as this is an operational policy it will be necessary to put this in front of team leaders for helpdesk, network and server support before adoption to ensure compliance and compatibility.

Estimated completion	July 2015
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Domain Administrators

Justification is being sought for the current state of the domain administrators in the list, instruction sent to Systems and Networks team leader, Sarah Oyet for follow-up on 11/05/2015

Estimated completion	May 2015
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Mobile devices – Encryption

Encryption policy is being rewritten to remove the ability to “opt-out” of the encryption programme.

In addition, many staff are claiming that they don't handle sensitive data, going forwards we will be assuming that everyone does as a baseline, exceptions will no longer be afforded to staff on this basis.

Desktop devices will also be encrypted.

Estimated completion	Aug 2015
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User Access

The Active Directory (AD) has been audited as of 08/05/2015.

Results of the audit have fed into a remediation process currently with Systems and Network team leader; Sarah Oyet 11/05/2015

In addition, AD audit policy is being written as part of the overall ICT Auditing policy (to be written).

Estimated completion	May 2015
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Security Awareness

Currently pursuing plans to leverage third party security awareness firm "Twist And Shout" (<http://www.twistandshout.co.uk/>) to provide training materials (videos, posters, etc). This will form part of the security awareness strategy and provide awareness for the following topics over the course of the next 6-12 months:

<ul style="list-style-type: none">• Responsible social media use	<ul style="list-style-type: none">• Cloud security
<ul style="list-style-type: none">• Email 'hacking'	<ul style="list-style-type: none">• Document classification
<ul style="list-style-type: none">• Passwords and phrases	<ul style="list-style-type: none">• Phishing
<ul style="list-style-type: none">• Safe surfing/ Acceptable use	<ul style="list-style-type: none">• BYOD
<ul style="list-style-type: none">• Portable Storage Devices	<ul style="list-style-type: none">• Executive behaviour
<ul style="list-style-type: none">• Mobile devices	

We are able to roll the same awareness strategy out every year to educate new users and re-educate existing staff. In addition, we can implement core areas of awareness into the joiners process to establish a baseline going forwards.

Estimated completion (on going annual task)	June 2015
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Monitoring and oversight

Weekly reports are now being sent to the Head of Information Security for review.

Data owners and data security responsibilities are to be outlined as part of a wider data governance policy (meeting scheduled with Grace [Information Compliance Officer] for 14/05/2015).

Reporting information security incidents process needs to be defined, this is currently being written.

Estimated completion	May 2015
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General

New Head of Information Security, Craig Girvan, appointed and in post.

*Internal Audit
Report 2014/2015*
Data Security
FINAL

February 2015

London South Bank
University

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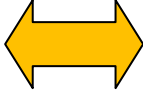
Distribution List

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>
High Risk 	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.	Rob McGeechan (Director ICT)
	We will review the listing of incomplete encryptions and remind users to ensure that these are up-to-date so they are actively encrypted.	<i>Target date</i> 30/06/2015
	This will include ensuring that accountability for data loss is understood at individual level.	<i>Reference number</i> 3

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



	PAPER NO: AC.16(15)
Paper title:	Audit Plan for the year ending 31 st July 2015
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Grant Thornton – External Auditors
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To approve the external audit plan for the year ending 31 st July 2015.

Executive Summary	
Context	The attached paper sets out Grant Thornton’s audit plan for the year ending 31 st July 2015.
Question	Are adequate plans being made for the audit of the University’s financial statements for the year and what are the significant reporting issues that the committee should be aware of.
Conclusion & Recommendation	It is recommended that the committee consider and approve the attached audit plan.

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



The Audit Plan for London South Bank University

Year ending 31 July 2015

May 2015

David Barnes

Audit Partner

T 0207 728 2026

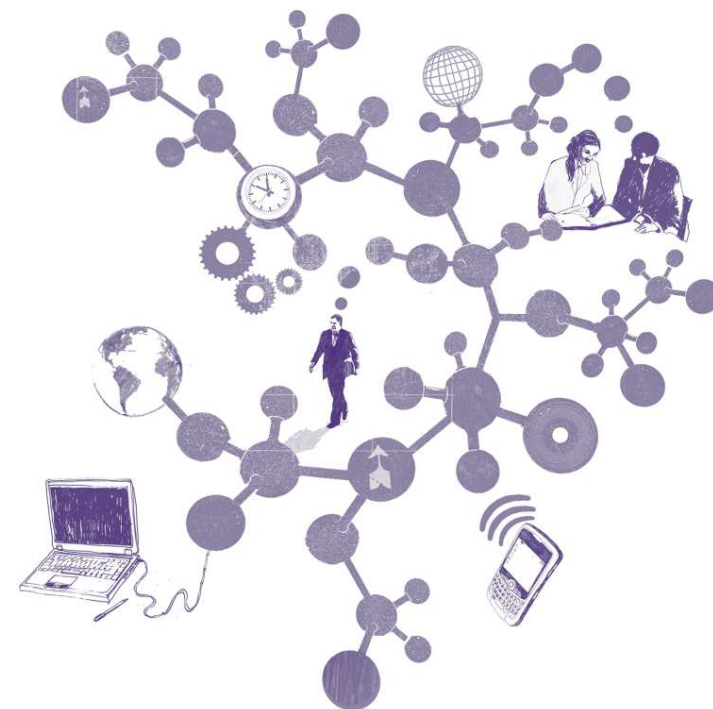
E david.barnes@uk.gt.com

Nick Taylor

Senior Manager

T 01223 225514

E nick.taylor@uk.gt.com



The Audit Committee
London South Bank University
103 Borough Road
London
SE1 0AA

Grant Thornton UK LLP
Melton Street
Euston Square
London
NW1 2EP

T 020 7383 5100
www.grant-thornton.co.uk

May 2015

Ladies and Gentlemen

Audit Plan for London South Bank University and its subsidiary for the Year ending 31 July 2015

We are pleased to be engaged to perform the audit of London South Bank University and its subsidiary for the Year ending 31 July 2015.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

This Audit Plan highlights the key elements of our proposed audit strategy for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management and the Audit Committee. The Audit Findings report will be issued prior to approval of the financial statements and will present our significant findings and other matters arising from the audit. We will communicate any significant adverse or unexpected findings affecting the audit on a timely basis, either informally or through an interim memorandum.

We look forward to working with you during the course of the audit.

Yours faithfully

For and on behalf of Grant Thornton UK LLP

David Barnes

Chartered Accountants
Member firm within Grant Thornton International Ltd
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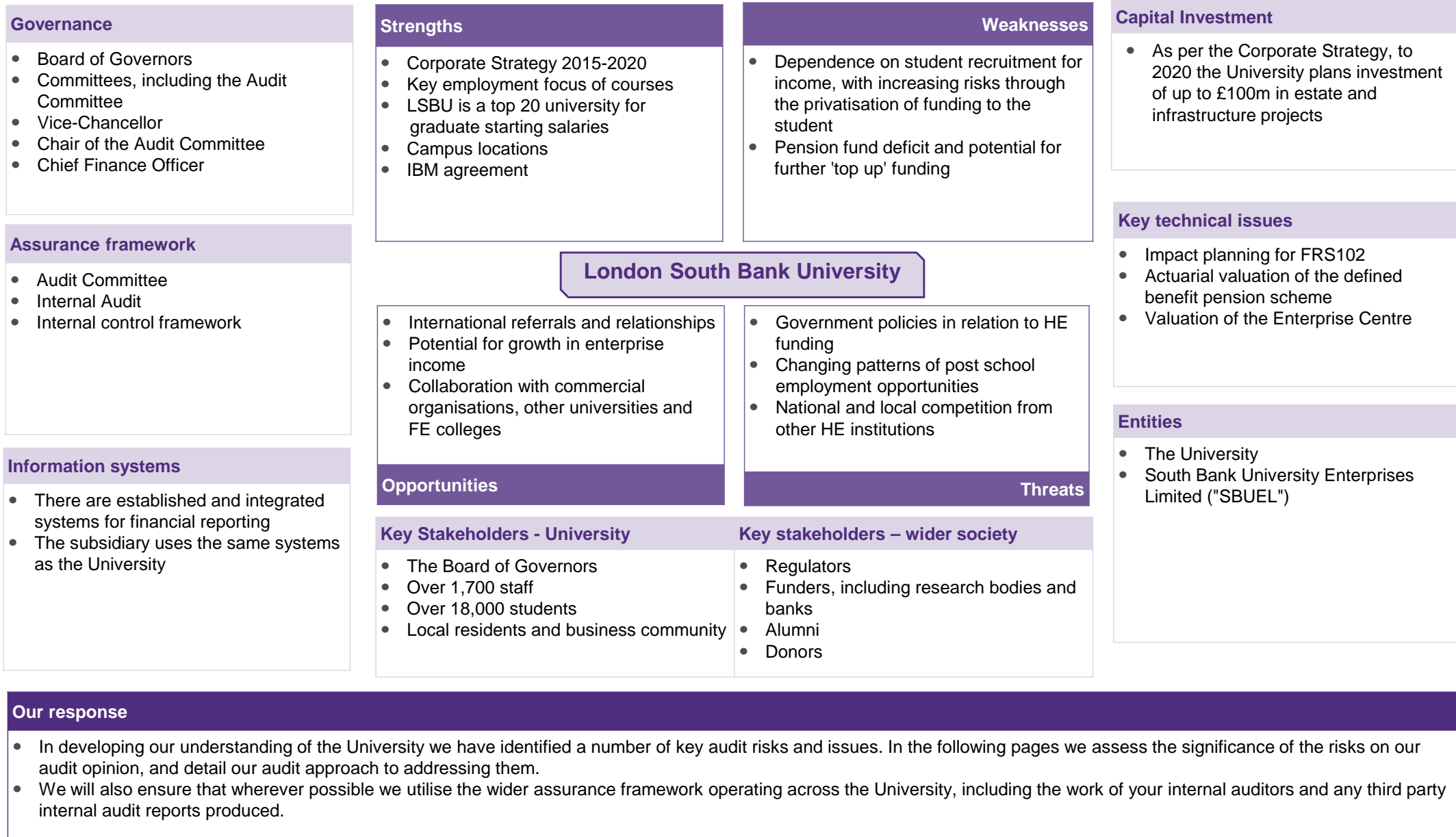
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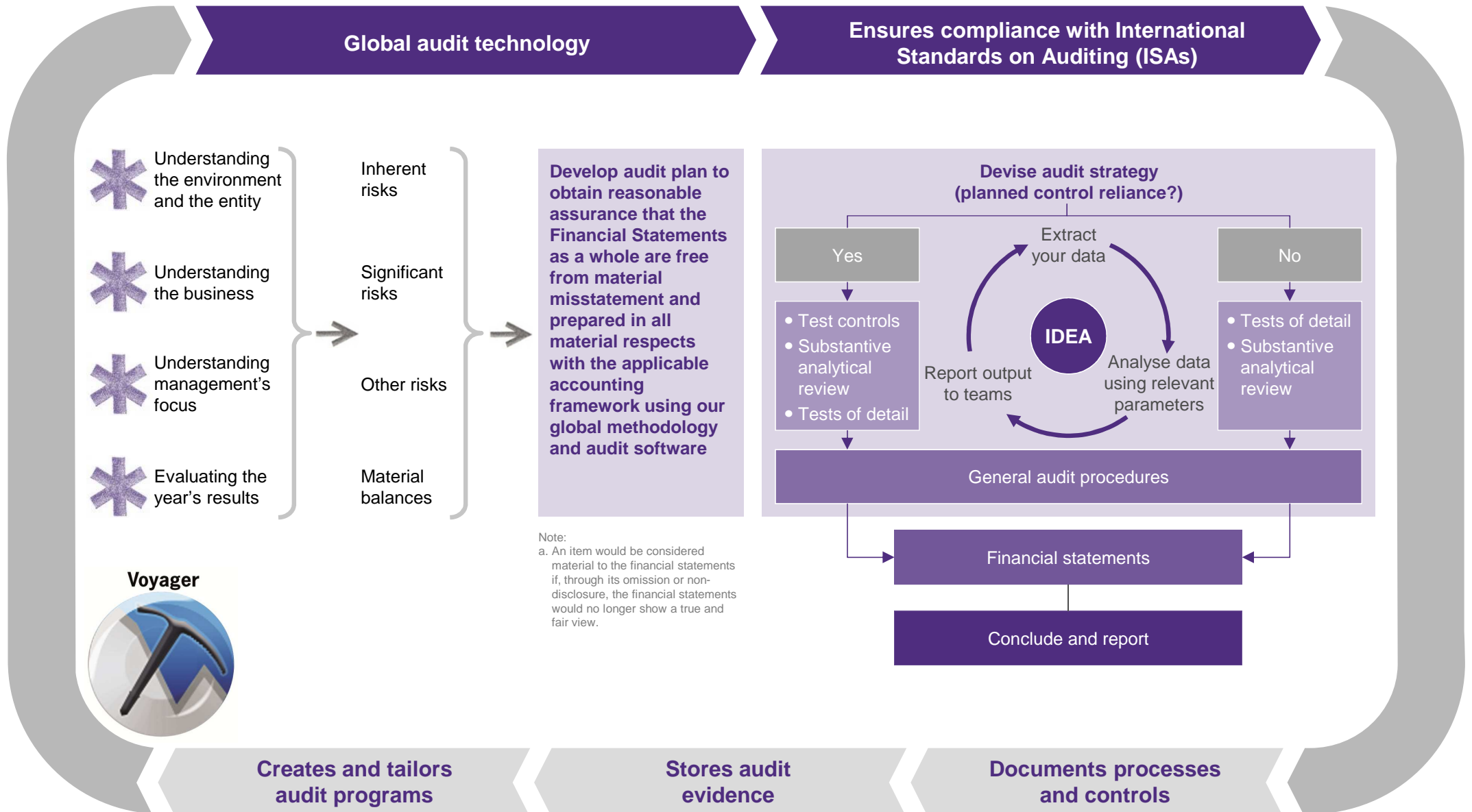
The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Understanding your business



2. Our audit approach



3. An audit focused on risks

In this section we summarise our assessment of risks. In sections 3 and 4, we have considered our risk assessment and planned work to address these risks in greater detail.

Account	Material (or potentially material) balance?	Inherent risk	Significant risk, Other risk, Low risk	Description of Risk	Planned control reliance?	Substantive testing?
Tangible fixed assets	Yes	Low	Remote	-	No	Limited
Investments (non-current)	No	Low	Remote	-	No	Limited
Endowments	No	Low	Remote	-	No	Limited
Stocks and work in progress	No	Low	Remote	-	No	Limited
Debtors	Yes	Medium	Other risk	Recorded debtors not valid / Allowance for doubtful debts not adequate	No	Standard
Cash and short term deposits	Yes	Low	Remote	-	No	Limited
Creditors and provisions	Yes	Medium	Other risk	Creditors understated or not recorded in correct period	No	Standard
Borrowings	Yes	Low	Remote	-	No	Limited
Pensions	Yes	Medium	Other risk	Pension scheme assets and liabilities may be misstated	No	Standard
Reserves	Yes	Low	Remote	-	No	Limited
Income	Yes	High	Significant	ISA 240 presumed risk: the income cycle includes fraudulent transactions / Recorded tuition and fee revenues not valid	No	Enhanced
Payroll	Yes	Medium	Other risk	Theft perpetrated through payment to fictitious employees (existence).	Yes	Standard
Operating expenses	Yes	Medium	Other risk	Creditors understated or not recorded in correct period	Yes	Standard

4. Significant risks identified

“Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.” (ISA 315) The risks identified below are applicable to all group companies set out in the 'scope of group audit' section.

Significant risk	Description	Audit procedures
The income cycle includes fraudulent transactions	Under ISA 240 "The Auditors' Responsibilities Relating to Fraud" there is a presumed risk that income may be misstated due to the improper recognition of income.	In addition to the testing detailed in the individual revenue streams discussed in the following section, we will: <ul style="list-style-type: none"> • Review and test revenue recognition policies for all revenue streams • Test key controls on significant revenue streams
Management over-ride of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	To ensure that we gain reasonable assurance that management over-ride of controls has not resulted in a material misstatement or fraudulent activities within the financial statements, the work we will perform in this area will include: <ul style="list-style-type: none"> • Reviewing accounting estimates, judgements and decisions made by management • Reviewing controls in place over the accounting system and other key IT software applications • Testing a sample of journal entries which will be determined through the use of our data interrogation software (IDEA) which enables our audit team to focus on higher risk journal postings • Identifying the related parties of the University and reviewing the procedures in place to ensure that any related party transactions are approved, captured and correctly presented within the financial statements • Reviewing any unusual and significant transactions.

5. Other risks identified

“The auditor should evaluate the design and determine the implementation of the entity’s controls, including relevant control activities, over those risks for which, in the auditor’s judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures.” (ISA 315)

Other risks	Description	Planned audit procedures
Tuition and Fee Revenues	<p>Recorded tuition and fee revenues not valid</p> <p>Allowance for doubtful debts not adequate</p> <p>Recorded debtors not valid</p> <p>The correct recognition of all income streams remains a key area of focus for the University</p>	<p>Our work in this area will include:</p> <ul style="list-style-type: none"> • Performing substantive analytical procedures to gain assurance over the existence of the income stream • Testing a sample of students to supporting student record documentation to ensure the validity and correct calculation of the fee income recognised • Reconciling student data between the student database and the accounting system on a transactional level • Reviewing the recoverability of debtors in respect of tuition fees, student accommodation fees and other sales ledger debtors and consider the adequacy of bad debt provisions • Comparing aged balances with prior years aged balances • Calculating aging as a percentage of total fees debtors and if unusual percentages or relationships are noted, investigate and determine if an adjustment is necessary • Reviewing any correspondence with HEFCE during the year • Agreeing amounts recognised to remittance statements provided by HEFCE • Reviewing the results of any reviews undertaken by HEFCE and your internal auditors during the year • Verifying a sample of other income transactions to confirm the existence and amount of the income, that it relates to the period and has been correctly accrued or deferred as appropriate at the balance sheet date

5. Other risks identified (continued)

Other risks	Description	Planned audit procedures
<p>Employee remuneration</p>	<p>Theft perpetrated through payments to fictitious employees</p> <p>Staff costs represent the University's largest item of expenditure</p> <p>The University's financial statements will include a significant long term liability in respect of the defined benefit pension liability</p>	<p>Our work in this area will include:</p> <ul style="list-style-type: none"> • Updating our understanding of the systems and controls in place surrounding the management of staff changes and the calculation and processing of the payroll • Reviewing the reconciliation of staff costs between payroll reports and the accounting ledger • Analytically reviewing payroll expenses in comparison to the prior year and investigate any significant or unexpected variances • Applying our data interrogation software (IDEA) to the payroll data population for the year to identify potentially unusual transactions and arrangements, such as duplicate employee names, NI numbers or bank accounts, for further investigation <p>The University will use the services of a professional actuary to carry out a valuation of the pension fund using assumptions agreed with management. We will engage our in-house actuarial team to review the assumptions used in the valuation against their expectations and their experience of other valuations currently being carried out. We will also carry out a review of the detailed disclosures within the financial statements to ensure that full compliance with FRS 17 is met.</p>
<p>Creditors and operating expenses</p>	<p>Creditors understated or not recorded in the correct period</p> <p>Due to the nature of the University's activities, creditors and accruals are significant and therefore there is a risk that liabilities relating to the year could be incorrectly stated, giving rise to a material impact on the reported results.</p>	<p>Our work in this area will include:</p> <ul style="list-style-type: none"> • Updating our understanding of the systems and controls in place to identify, capture and account for liabilities in the appropriate period on a timely basis • Searching for unrecorded liabilities by scanning the payments journals subsequent to the year end for large or unusual entries • Selecting creditor balances (based on large purchase activity and/or large balances) and test to supporting evidence. We will investigate reconciling items and ensure that accruals have been made for missing liabilities • Reviewing all significant creditors and accruals balance sheet items and compare them to the prior year and to our expectations, before investigating any significant differences • Reviewing expenditure streams for the year and verify significant items to supporting documentation.

6. Scope of the group audit

ISA 600 requires that as Group auditors we obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

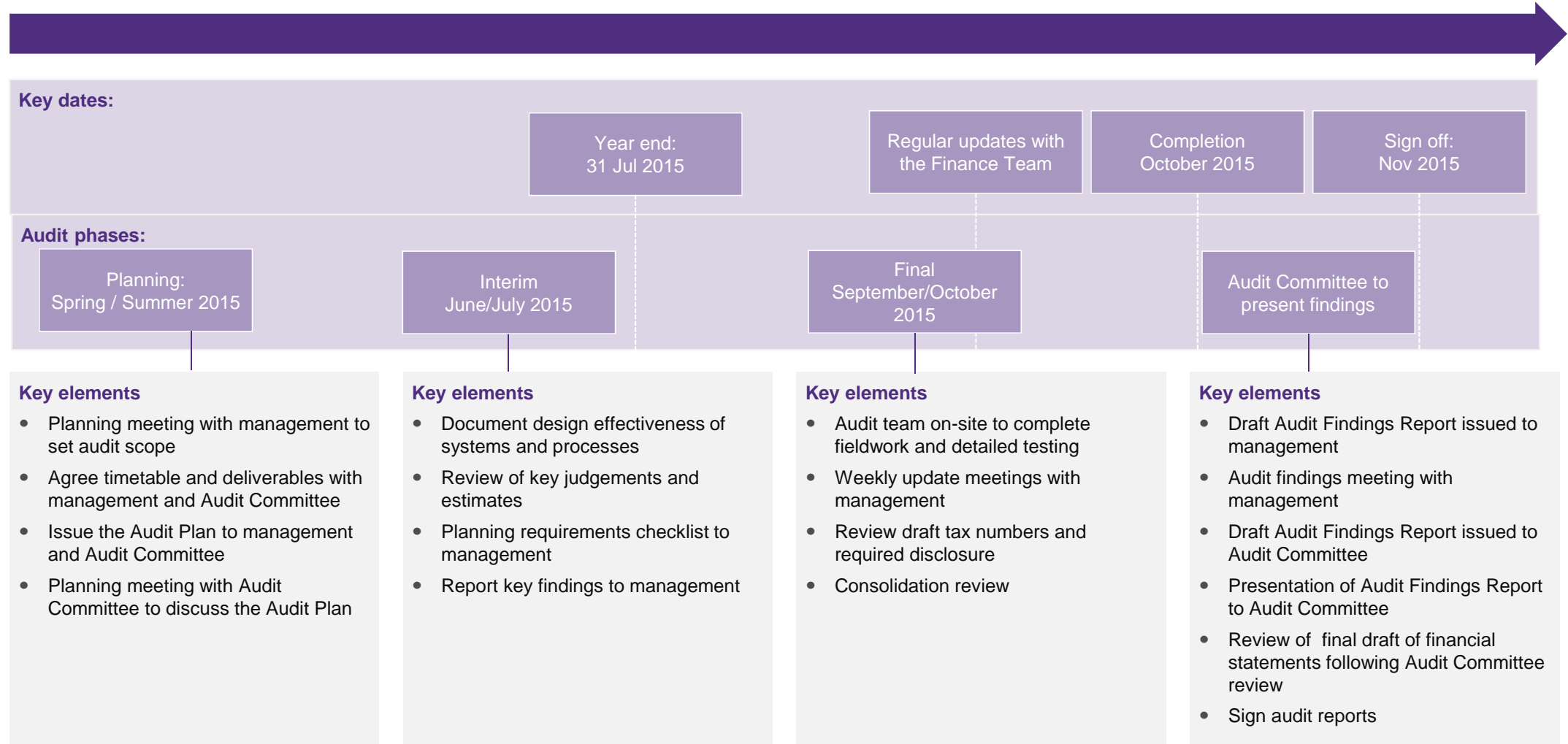
Entity Name	Auditor	Audit scope	Statutory Audit
London South Bank University	GT UK		Yes
South Bank University Enterprises Limited	GT UK	Reliance	Yes

Audit scope

Reliance – the component is subject to a statutory audit by ourselves and we will take assurance from our own work

7. Logistics

The audit timeline



8. Fees and independence

Fees

	2014/15 £	2013/14 £
London South Bank University	41,795	40,975
Taxation compliance for SBUEL	2,575	2,525
iXBRL tagging for SBUEL accounts	850	850
Total fees	45,220	44,350

An additional fee will be agreed for the FRS 102 transition review once the University has completed its transition balance sheet and the scale of the review is clear. This is likely to be in the range of £5k to £8k.

What is included within our fees

- A reliable and risk-focused audit appropriate for your University
- Attendance at all Audit Committee meetings
- Feed back on your systems and processes
- Ad-hoc telephone calls and queries for minor matters
- Technical briefings and updates
- Invitations to events hosted by Grant Thornton
- Regular contact to discuss strategy
- A review of accounting policies for appropriateness and consistency across the group

Our fee assumptions include:

- A 2% uplift on 2013/14 base fees to take account of additional cost pressures
- Our fees are exclusive of VAT and out of pocket expenses
- Supporting schedules to all figures in the accounts are supplied by the dates agreed which are separate from this document
- The group structure has not changed.
- You will make available management and accounting staff to help us locate information and to provide explanations

Independence

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton teams providing services to London South Bank University. The non-audit fees are the tax fees as highlighted opposite

9. Sector update

Funding for Universities and the Research Excellence Framework (REF 2014) results

In February 2015, HEFCE published its Board decisions for funding for the period to 2015-16. Due to the uncertainty of the spending review, expected to follow the General Election, HEFCE is suggesting that Universities should prudently plan their budgets for 2015-16 and beyond as its possible that allocations now being announced for 2015-16 may be later revised. The funding letter confirms the intention to remove student number control from 2015-16. Capital grants for 2015-16 will total £603m, with £200m allocated for STEM capital schemes. Individual University allocations will be announced under embargo on 25 March 2015.

In December 2014 the results of the REF 2014 were announced. These expert panels found significant improvements in the quality of the submitted research outputs since the 2008 RAE. The average proportion of the outputs sub-profile judged to be world leading (4*) has risen from 14 per cent in RAE 2008 to 22 per cent in REF 2014. The average proportion judged to be internationally excellent (3*) has risen from 37 per cent to 50 per cent.

For the first time, the assessment provides evidence of the impact of UK research. The REF has found that a wide range of outstanding (4*) and very considerable (3*) impacts have arisen from research in every Unit of Assessment.

The full results of the REF can be found at <http://www.ref.ac.uk/pubs/201401/>

HEFCE Business Plan 2015-2020

HEFCE has published its business plan for 2015-2020. The plan acknowledges the significant changes within the sector over the last five years and anticipates further tough constraints on public funding. It sets a challenge for Universities to become even more agile, innovative and efficient as well as being prepared to collaborate with a range of partners. The emphasis remains on funding excellence in research and innovation, knowledge exchange and teaching and learning. The plan suggests a sharpening of focus on the achievement of efficiencies in the sector and refers to a target for the sector of £250m efficiency savings to be made by the end of 2016-17 when compared with 2014-15. Whilst there is no specific reference to the expectations upon individual institutions for demonstrating VFM savings, it is likely to become a growing area of challenge from HEFCE to institutions to show how they are generating efficiency gains.

Sector Update (continued)

Accounts Direction 2014-15

HEFCE has published its updated Accounts Direction 2014-15 to be applied to the University's 2014-15 accounts. The Direction is very similar to the 2013-14 version, but with one key change which is to provide greater and more transparent disclosure of remuneration and benefits payments to the Head of Institution. We will work with the University to ensure that the reporting in the 2014-15 accounts in this regard comply with the new requirements.

HEFCE Memorandum of assurance and accountability

HEFCE published changes to the Financial Memorandum which took effect on 1 August 2014. The changes proposed in the consultation take account of the Government's recent reforms to the funding and regulation of HE. Key changes impacting on the function of the Audit Committee are that:

- The memorandum sets out principles of ensuring governing bodies take full responsibility for entering into any financial commitments. These should not expose the institution to unnecessary levels of risk. Institutions must seek separate approval from HEFCE before entering into any new financial commitments that would increase the total financial commitments to five times its average EBITDA-based surplus. This is subject to revision by HEFCE post FRS 102.
- The Accountable Officer must report any material adverse events in a timely manner to the chair of the audit committee, the chair of the governing body, the head of internal audit, the external auditor and the chief executive of HEFCE. Material adverse events include a change that poses a significant and immediate threat to the financial position, a significant fraud (over £25,000) or impropriety or major accounting breakdown.
- The Code states that the institution should undertake market testing every seven years and that one named individual should not be responsible for the HEI's audit for more than ten consecutive years. The latter point is an extension on the old financial memorandum that limits an individual partner's involvement to seven years. Where internal audit is provided from an outside source, market testing should be undertaken at least every five years.
- Audit Committees should include a minimum of three lay members of the governing body. Audit committee members should not be members of an HEI's finance committee or its equivalent. If an HEI's governing body determines that cross-representation involving one member is essential, this should be the subject of an explicit, recorded resolution, which sets out the rationale for such a decision – but it should not be an option for the chair of either committee or the chair of the governing body.

10. Communication of audit matters with those charged with governance

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the Group's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence		✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to Going Concern		✓
Matters in relation to the Group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	✓	✓

International Auditing Standard (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISA's (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



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	PAPER NO:AC.17 (14)
Paper title:	Accounting policy under new SORP
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Natalie Ferer – Financial Controller
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To propose accounting policies in preparation for the introduction of the new Statement of Recommended Practice (SORP), to be used in preparing the University's Financial statements for the year ending 31 st July 2016, and to brief members on the impact of the SORP on the University's accounts.

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	Has the University selected appropriate accounting policies in line with the new SORP and what will be the impact of these policies on the University's financial accounts.
Conclusion & Recommendation	That the Committee approve the proposed accounting policies and note the impact on the accounts.

Matter previously considered by:	Audit Committee	26 th February
Further approval required?	N/A	N/A

1. Background

FRS102 is the new UK GAAP standard and replaces all of the current financial reporting standards. Higher Education providers will be required to adopt FRS102 and produce accounts in line with the new SORP for accounting periods starting on or after 1st January 2015. For LSBU this means the first FRS102 compliant accounts being prepared for 31 July 2016. To enable us to produce accounts for 2016 in the new format we will require a comparative balance sheet at 31 July 2015 and hence the transition date will be even earlier at 1st August 2014.

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.

2. Accounting policies

Proposed new accounting policies are shown in Appendix A . Changes to existing accounting policies are highlighted in bold. The policies are based on the model accounts contained in the SORP.

In some areas the University has a choice of accounting policies. These include the valuation of fixed assets and government grants. Summarised below are the options, the potential impact and the recommendation in each case.

Transaction	Accounting treatment		recommendation
Fixed assets – buildings, equipment, vehicles and furniture	<p>Cost: Held at historic cost as at present.</p> <p>Avoid costs associated with professional valuation</p> <p>Depreciation charged over remaining life of asset</p> <p>The HE SORP states that it expects the cost model to be widely used by institutions.</p>	<p>Revaluation: Each class of asset revalued to fair value. Revaluations must be sufficiently regular so that the carrying value of the asset is not materially different to its fair value.</p> <p>Where fair value increases, so does annual depreciation charge</p>	<p>Cost to avoid increased depreciation charges</p>
Government Grants	<p>Accruals method: Income recognised over the period in which expenditure is recognised as at</p>	<p>Performance criteria: Income recognised as performance conditions attached to the grant are met. Proportion of</p>	<p>Accruals to avoid surpluses and deficits being reported for grant funded projects.</p>

	present. Unspent grants are held on the balance sheet as deferred income within creditors.	income relating to unfulfilled conditions held on the balance sheet as deferred income within creditors. Treatment may lead to recognising income when related expenditure has not been incurred, resulting in a surplus or deficit being reported for individual funding streams.	
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3. Transition adjustments

A number of adjustments to the accounts will be required and reported in the financial statements for the year ending 31st July 2016. These journals and the resulting balance sheet at 1st August 2015 are shown in [Appendix B](#). Where appropriate, these changes are also reflected in the changes to accounting policies (Appendix A). The Transition adjustments are summarized below.

journal ref	Transaction	Impact of transition journal
1	Revaluation of land	Increase carrying value of land to commercial development value and increase amount held in unrestricted reserves The SORP allows a first time adopter of the accounting standard to measure tangible fixed assets, at its fair value on the date of transition to FRS 102, and use that fair value as its deemed cost. This is therefore a one off adjustment and future revaluations are not required. Further, as land is not depreciated, this will not increase future depreciation charges. (Value not known. £15m adjustment assumed for illustration of the journal only)
2	Non-Government grants with performance criteria	Where performance criteria has been met, release grants to reserves, reducing the amount held in creditors and increasing reserves
3	USS pension scheme	Requirement to show the University's share of the USS pension scheme on its balance sheet. The value of £633k has been derived using a calculator published by BUFDG.

		The journal will reduce reserves and increase creditors due after one year.
4	Holiday accrual	<p>Requirement to account for the University's liability for untaken employee benefits, notably untaken paid annual leave. There was an estimated £5.9m of untaken annual leave at 31/7/14, calculated by taking a sample of leave records from across the University. In subsequent years the increase or decrease in this accrual will be charged to expenditure. A detailed calculation of unpaid leave will take place at the end of each financial year so that an accurate accrual can be made.</p> <p>If the University aligned its holiday year to its financial year of 1st August to 31st July, only untaken holiday that staff are allowed to carry over to the following year would need to be accrued. The practicalities are being considered by the HR and FMI teams.</p>
5	LPFA pension interest	Interest income will be calculated using the discount rate applied to the pension liabilities rather than the expected return on assets. This is likely to result in an increase in the net finance charge. The first FRS102 scheme valuation will take place in August 2015.

4. VC remuneration, higher paid staff and compensation of key management personnel:

The SORP requires that more detail is shown when disclosing the emoluments of the Vice Chancellor as shown below:

current disclosure of VC Remuneration	New requirement to disclose separately
<ul style="list-style-type: none"> • Salary and taxable benefits • Pension scheme contributions 	<ul style="list-style-type: none"> • Salary • bonuses • taxable benefits • relocation costs • Pension scheme contributions

There is no change to the disclosure of remuneration of higher paid staff, with the accounts showing the number of staff falling into £10,000 bands, starting at total remuneration of £100,000.

An additional disclosure is required to show 'compensation' paid to key management personnel. Compensation is defined as salary and benefits in kind and key management personnel are defined as those persons having authority and

responsibility for planning, directing and controlling the activities of the University. For LSBU this definition will show compensation paid to members of the University's Executive Team and is shown as a total figure for the year rather than itemised by person as shown below:

Key Management Personnel:

Key Management personnel include members of the University Executive Group, being those persons having authority and responsibility for planning, directing and controlling the activities of the University. This includes compensation (including salary and benefits in kind but excluding employers pension contributions)

	Year ending 31 st July 2016	Year ending 31 st July 2015
	£	£
Key Management Personnel	<u>x,xxx,xxx</u>	<u>x,xxx,xxx</u>

5. Other changes to the SORP

There are a number of other changes to the SORP which have little or no impact on LSBU at present but could do in the future. These include:

- Accounting for investment property
- Discounting extended credit arrangements for debtors
- Accounting for service concession arrangements

6. Format of the Accounts:

There are a number of changes to the format of the accounts. [Appendix C](#) shows the primary statements from the model financial statements published by BUFDG, including:

- **Consolidated Statement of Comprehensive Income and Expenditure** (incorporating detail previously contained in the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses)
- **Consolidated and University Statement of Changes in Reserves** (detail previously shown in the notes to the accounts)
- **Consolidated and Institution Balance Sheet**
- **Consolidated Statement of Cash Flows** (detail previously shown in notes to the accounts).
- Section to show **total expenditure by activity**.
- **Related party disclosures** expanded to include transactions with parties who have a connection to Key Management Personnel in addition to those who have a connection to trustees.

7. Recommendation

It is recommended that the committee approves proposed accounting policies in preparation for the introduction of the new Statement of Recommended Practice (SORP), to be used in preparing the University's Financial statements for the year ending 31st July 2016, and notes the impact of the SORP on the University's accounts.

Principal Accounting Policies

New accounting policies shown in bold

The following principal accounting policies have been applied consistently in both the current and prior year in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention, modified by the inclusion of certain properties at valuation and the revaluation of endowment assets, in accordance with the Companies Act 2006 and with the Statement of Recommended Practice (SORP) for Further and Higher Education 2014, and in accordance with applicable accounting standards and HEFCE's Accounts Direction.

The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in operation. The Board is satisfied that the Group has adequate resources to continue in operation for the foreseeable future, as described in more detail on page 16 of these accounts. For this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

Consolidation of accounts

The consolidated financial statements incorporate the financial statements of the University and its subsidiary undertaking South Bank University Enterprises Limited (SBUEL). Following a change to the constitution of London South Bank University Students' Union (LSBUSU) from August 2012, the University no longer exercises control over LSBUSU and therefore took the decision to cease consolidating the accounts of LSBUSU within these financial statements.

The University Sponsors an Academy, University Academy of Engineering South Bank and a University Technical College, Southbank Engineering UTC Trust (which was incorporated on 24th October 2014). Although the University has representation on the Academy's and UTC's Boards of Trustees and Governing Bodies, the Trustees and Governors act for the Academy and not the University. Furthermore, if the Academy were to fail, the University would not receive its assets or reserves. Therefore the Accounts of the Academy are not consolidated into the University Accounts.

Consolidation of subsidiaries is based on the equity method. **Intragroup loans or balances are recognised at fair value.**

Income recognition

Income from the sale of goods and services is credited to the **Consolidated Statement of Income and Expenditure** when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross and credited to the **Consolidated Statement of Income and Expenditure** over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

Revenue Government grants, including funding council block and research grants from government sources are recognised within the Consolidated Statement of Income and Expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred, it is recognised as deferred income within creditors and allocated between credits due within one year and due after more than one year as appropriate.

Other grants and donations from non-government sources, including research grants from non-government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions is deferred on the balance sheet and

released to the Consolidated Statement of Comprehensive income and Expenditure in line with such conditions being met.

Grants received in respect of the acquisition or construction of fixed assets are recognised within the Consolidated Statement of Comprehensive Income and Expenditure using the accruals method over the useful economic life of the asset the grant is attached to. Unspent capital grants are deferred on the balance sheet as a creditor.

Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income. Income is retained within the restrictive reserve until such a time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Any realised gains or losses from dealing in the related assets are retained within the restricted reserve in the balance sheet and reported in the Statement of Comprehensive Income and Expenditure.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Properties are not carried under the valuation method and therefore regular revaluation of assets are not undertaken by the University.

Freehold land and buildings, long leasehold and short leasehold premises are included in the accounts at cost or valuation together with subsequent refurbishment expenditure, less amounts written off by way of depreciation. Freehold land is not depreciated. Finance costs that are directly attributable to the construction of land and buildings are not capitalised.

Assets in the course of construction are accounted for at cost, based on the value of Quantity Surveyors' certificates and other direct costs incurred to the end of the year. They are not depreciated until they are brought into use.

Equipment costing less than £10,000 per individual item or group of items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	2% per annum
Long leaseholds	Period of lease
Short leaseholds	Period of lease
Building improvements	6.7% per annum
IT equipment	25% per annum
Other equipment and motor vehicles	20% per annum
Furniture	6.7% per annum

Freehold land is not depreciated as it is considered to have an indefinite useful life. No depreciation is charged on assets in the course of construction.

At each financial year end the carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets have suffered a diminution in value. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value and its value in use, is estimated in order to determine the extent of the impairment loss.

Investments

Investments in subsidiaries and associated undertakings are shown in the University's balance sheet at cost less any provision for impairment in their value.

Endowment Asset Investments are included in the balance sheet at market value.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pension costs

The University contributes to the Teachers' Pensions Scheme (England and Wales), the London Pension Fund Authority Pension Fund (LPFAPF) and the Universities Superannuation Scheme (USS). These schemes are administered by Teachers' Pensions (on behalf of the Department for Education), the London Pension Fund Authority and USS Ltd respectively and are all of the defined benefit type.

Where the University is unable to identify its share of the underlying assets and liabilities in a scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme, so that the cost is equal to the total of contributions payable in the year. **The TPS and USS are multi-employer schemes for which is not possible to identify the University's share of assets and are therefore reported as if they were defined contribution schemes, so that the cost is equal to the total of contributions payable in the year. Contractual obligations relating to these schemes including any agreements to pay additional contributions to fund a deficit are calculated at net present value and are included in liabilities.**

For other defined benefit schemes, including the LPFAPF, the assets of each scheme are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and discounted at an appropriate rate of return. The University's share of the surplus or deficit of the scheme is recognised as an asset or liability on the balance sheet. The current service cost, being the actuarially determined present value of the pension benefits earned by employees in the current period, and the past service cost are included within staff costs. Endowment and investment income includes the net of the expected return on assets, being the actuarial forecast of total return on the assets of the scheme, and the interest cost being the notional interest cost arising from unwinding the discount on the scheme liabilities. All changes in the pension surplus or deficit due to changes in actuarial assumptions or differences between actuarial forecasts and the actual out-turn are reported in the **Consolidated Statement of Comprehensive Income and Expenditure**.

Employment Benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of unused entitlement.

Taxation status

The University is an exempt charity within the meaning of part 3 of the Charities Act 2011, and as such is a 'charity' within the meaning of Section 467 of the Corporation Tax Act (CTA) 2010. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 478 of the CTA 2010 and Section 256C of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University's subsidiary company SBUEL is subject to corporation tax and is therefore required to account for deferred tax and current tax.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the institution, are treated as if the asset had been purchased outright. This includes leases embedded in maintenance or other service contracts. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Maintenance

Maintenance expenditure is charged to the **Consolidated Statement of Comprehensive Income and Expenditure** in the period in which it is incurred.

Refurbishment expenditure on a property is deemed to be of a capital nature if it either enhances the property's operational capabilities, or if it significantly upgrades the mechanical or electrical infrastructure of that property. To the extent that the expenditure is of a capital nature, it is capitalised and written off over its useful economic life. Refurbishment expenditure that does not meet either of these criteria is treated as maintenance expenditure.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity. Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Where fixed assets were revalued prior to the implementation of FRS 15, the gain or loss on revaluation was credited or debited to the capital reserve. Where depreciation on the revalued amount exceeds the corresponding depreciation based on historical cost, the excess is transferred annually from the capital reserve to the income and expenditure reserve.

The pension reserve represents the pension liability in respect of the defined benefit pension schemes (see note 24).

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within twenty-four hours without penalty.

Liquid resources comprise assets which in normal practice are generally convertible to cash. They include term deposits held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

Financial Instruments

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and it is intended either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non basic instruments including derivatives are reported at fair value.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year-end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets **arise where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise uncertain future events not wholly within the control of the University.** These are disclosed by way of a note, where there is probable, rather than a present asset arising from a past event.

Transition to the 2014 SORP

The Group is preparing its financial statements in accordance with FRS102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2014 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University and its subsidiaries is provided in note 39.

Draft 15/5/15

Appendix B

Transition adjustment journals

	Dr	Cr
1 01/04/2014 Non current Assets: Land	15,000,000	
Unrestricted Reserves: income and Expenditure reserve		15,000,000
Being the revaluation of Land (assuming increase in value of £15m)		
2 01/04/2014 Current Assets: creditors falling due within one year	250,000	
Unrestricted Reserves: income and expenditure reserve		250,000
being the estimated write back of deferred income balances, received from non government sources, where there is either no performance criteria or where performance criteria has been met		
3 01/04/2014 Unrestricted reserve: income and expenditure reserve	601,000	
Creditors: amounts falling due after more than one year		601,000
being the estimate of the University's share of the deficit in the USS scheme		
4 31/07/2015 Unrestricted Reserves: income and expenditure reserve	5,900,000	
Current Assets: creditors falling due within one year		5,900,000
being the estimate accrual of untaken holiday balances at 31/7/15		

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102. An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Consolidated only £'000	Notes	01-Aug-14		
		2007 SORP	Effect of transition to FRS 102	FRS 102
		£'000	£'000	£'000
Non-current assets				
Intangible assets and goodwill		0	-	-
Benefit arising from acquisitions		-	-	-
Fixed Assets (journal 1)		176,532	15,000	191,532
Heritage assets		-	-	-
Investments		38	-	38
Investment in joint venture		-	-	-
Investments in associate		-	-	-
		<u>176,570</u>	<u>15,000</u>	<u>191,570</u>
Current assets				
Stock		45	-	45
Trade and other receivables		8,663	-	8,663
Investments		736	-	736
Cash and cash equivalents		53,032	-	53,032
		<u>62,476</u>	<u>0</u>	<u>62,476</u>
Less: Creditors: amounts falling due within one year (journal 2 and 4)		(60,620)	250	(60,370)
Service concession liabilities due within one year		-	-	-
Share of net liabilities in associate		-	-	-
		<u>1,856</u>	<u>250</u>	<u>2,106</u>
Net current (liabilities)/assets				
Total assets less current liabilities		<u>178,426</u>	<u>15,250</u>	<u>193,676</u>
recorded within other Comprehensive Income.				
Creditors: amounts falling due after more than one year (journal 3)		(28,243)	(601)	(28,844)
Provisions				
Provisions for liabilities		-	-	-
Other pension liability		(76,502)	0	(76,502)
Other provision		-	-	-

Total net assets	73,681	14,649	88,330
Restricted Reserves			
Income and expenditure reserve - endowment reserve	736	-	736
Income and expenditure reserve - restricted reserve			
Unrestricted Reserves			
Income and expenditure reserve - unrestricted (note 3)	43,545	14,649	58,194
Revaluation reserve (note 4)	29,400	-	29,400
	<u>73,681</u>	<u>14,649</u>	<u>88,330</u>
Non-controlling interest		-	
Total Reserves	<u>73,681</u>	<u>14,649</u>	<u>88,330</u>
<i>Notes to the reconciliation of reserves</i>	0	0	0

APPENDIX 1 – PRIMARY STATEMENTS

Consolidated Statement of Comprehensive Income Year ended 31 July 201Y

	notes	Year ended 31 July 201Y		Year ended 31 July 201X	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	xx	xx	xx	xx	xx
Funding body grants	xx	xx	xx	xx	xx
Research grants and contracts	xx	xx	xx	xx	xx
Other income	xx	xx	xx	xx	xx
Investment income	xx	xx	xx	xx	xx
Donations and endowments	xx	xx	xx	xx	xx
Total income		xx	xx	xx	xx
Expenditure					
Staff costs	xx	xx	xx	xx	xx
Fundamental restructuring costs	xx	xx	xx	xx	xx
Other operating expenses		xx	xx	xx	xx
Depreciation	xx	xx	xx	xx	xx
Interest and other finance costs	xx	xx	xx	xx	xx
Total expenditure	xx	xx	xx	xx	xx
Surplus/ (Deficit) before other gains losses and share of operating surplus/ (Deficit) of joint ventures and associates.		xx	xx	xx	xx
Gain/ (loss) on disposal of fixed assets		xx	xx	xx	xx
(Loss)/ Gain on investments	xx	xx	xx	xx	xx
Share of operating surplus/ (Deficit) in joint venture	xx	xx	xx	xx	xx
Share of operating surplus/ (Deficit) in associate	xx	xx	xx	xx	xx
Surplus/ (Deficit) before tax		xx	xx	xx	xx
Taxation	xx	xx	xx	xx	xx
Surplus/ (Deficit) for the year		xx	xx	xx	xx
Unrealised surplus on re-valuation of land and buildings	xx	xx	xx	xx	xx
Actuarial (loss)/ gain in respect of pension schemes	xx	xx	xx	xx	xx
Change in fair value of hedging financial instruments		xx	xx	xx	xx
Total comprehensive income for the year		xx	xx	xx	xx
Represented by:					
Endowment comprehensive income for the year		xx	xx	xx	xx
Restricted comprehensive income for the year		xx	xx	xx	xx
Unrestricted comprehensive income for the year		xx	xx	xx	xx
		xx	xx	xx	xx
Surplus for the year attributable to:					
Non controlling interest		xx	xx	xx	xx
Re-valuation reserve		xx	xx	xx	xx
Total Comprehensive income for the year attributable to					
Non controlling interest		xx	xx	xx	xx
Re-valuation reserve		xx	xx	xx	xx

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 20YY

	Income and expenditure reserve		Revaluation reserve	Total excluding NCI	Non-controlling Interest	Total
	Endowment	Unrestricted				
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated						
Balance at 1 August 201W		XX	XX	XX	XX	XX
Surplus/ (Deficit) from the income and expenditure statement						
Other comprehensive income	XX					XX
Transfers between re-valuation and income and expenditure reserve	XX					XX
Release of re-stricted capital funds spent in year	XX					XX
Balance at 1 August 201X		XX	XX	XX	XX	XX
Surplus/ (Deficit) from the income and expenditure statement						
Other comprehensive income	XX					XX
Transfers between re-valuation and income and expenditure reserve	XX					XX
Release of re-stricted capital funds spent in year	XX					XX
Total comprehensive income for the year		XX	XX	XX	XX	XX
Balance at 31 July 201Y		XX	XX	XX	XX	XX
University						
Balance at 1 August 201W		XX	XX	XX	XX	XX
Surplus/ (Deficit) from the income and expenditure statement						
Other comprehensive income	XX					XX
Transfers between re-valuation and income and expenditure reserve	XX					XX
Release of re-stricted capital funds spent in year	XX					XX
Balance at 1 August 201X		XX	XX	XX	XX	XX
Surplus/ (Deficit) from the income and expenditure statement						
Other comprehensive income	XX					XX
Transfers between re-valuation and income and expenditure reserve	XX					XX
Release of re-stricted capital funds spent in year	XX					XX
Total comprehensive income for the year		XX	XX	XX	XX	XX
Balance at 31 July 201Y		XX	XX	XX	XX	XX

Consolidated and Institution Balance Sheet

Year ended 31 July 201Y

	notes	Year ended 31 July 201Y		Year ended 31 July 201X	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible assets and goodwill	xx	xx	xx	xx	xx
Fixed assets					
Heritage assets	xx	xx	xx	xx	xx
Investments	xx	xx	xx	xx	xx
Investments in joint ventures	xx	xx	xx	xx	xx
Investments in associate	xx	xx	xx	xx	xx
Current assets					
Stock	xx	xx	xx	xx	xx
Trade and other receivables	xx	xx	xx	xx	xx
Investments	xx	xx	xx	xx	xx
Cash and cash equivalents	xx	xx	xx	xx	xx
		xx	xx	xx	xx
Less: Creditors; amounts falling due within one year	xx	xx	xx	xx	xx
Share of net liabilities in associate	xx	xx	xx	xx	xx
Net current (liabilities)/ assets		xx	xx	xx	xx
Total assets less current liabilities		xx	xx	xx	xx
Creditors; amounts falling due within one year	xx	xx	xx	xx	xx
Provisions					
Pension provisions	xx	xx	xx	xx	xx
Other provisions	xx	xx	xx	xx	xx
Total net assets		xx	xx	xx	xx
Restricted reserves					
Income and expenditure reserve - endowment reserve	xx	xx	xx	xx	xx
Income and expenditure reserve - restricted reserve	xx	xx	xx	xx	xx
Unrestricted reserves					
Income and expenditure reserve - unrestricted		xx	xx	xx	xx
Revaluation reserve		xx	xx	xx	xx
Non controlling interest		xx	xx	xx	xx
Total reserves		xx	xx	xx	xx

The financial statements were approved by the Governing Body on [insert date] and were signed on its behalf on that date by:

[Name], Vice-Chancellor

[Name], Chair of Council

[Name], Finance Director

Consolidated Statement of Cash Flows

Year ended 31 July 201Y

	Notes	Year ended 31 July 201Y 000	Year ended 31 July 201X 000
Cash flow from operating activities			
Surplus for the year	xx	xx	xx
Adjustment for non-cash items			
Depreciation	xx	xx	xx
Benefit on acquisition of ABC College released to Income	xx	xx	xx
Amortisation of goodwill	xx	xx	xx
Investment income	xx	xx	xx
(Loss) / Gain on endowments, donations and investment property		xx	xx
Decrease/ (increase) in stock		xx	xx
Decrease/ (increase) in debtors	xx	xx	xx
Increase/ (decrease) in creditors	xx	xx	xx
Increase/ (decrease) in provisions	xx	xx	xx
Receipt of donated equipment		xx	xx
Pension costs less contributions payable	xx	xx	xx
Share of operating surplus/ (Deficit) in joint venture	xx	xx	xx
Non controlling interest		xx	xx
Share of operating surplus/ (Deficit) in associate	xx	xx	xx
Adjustment for investing or financing activities			
Investment income		xx	xx
Interest payable		xx	xx
Profit on the sale of fixed assets		xx	xx
Net cash inflow from operating activities		xx	xx
Cash flows from investing activities			
Proceeds from sales of fixed assets		xx	xx
Non-current investment disposal		xx	xx
Investment income		xx	xx
Endowment funds invested		xx	xx
Withdrawal of deposits		xx	xx
Payments made to acquire fixed assets		xx	xx
		xx	xx
Cash flows from financing activities			
Interest paid		xx	xx
Interest element of finance lease rental payment		xx	xx
New secured loans		xx	xx
Repayments of amounts borrowed		xx	xx
Capital element of finance lease rental payments		xx	xx
		xx	xx
(Decrease)/ increase in cash and cash equivalents in the year		xx	xx
Cash and cash equivalents at beginning of the year		xx	xx
Cash and cash equivalents at end of the year		xx	xx

	PAPER NO: AC.18(15)
Paper title:	Bad debt write off
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Natalie Ferer – Financial Controller
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To make a recommendation to the committee to write off uncollected debts which are more than 6 years old in accordance with agreed policy.

Executive Summary	
Context	The University has a policy of writing off old debt which is more than six years old, unless there is a reasonable expectation that the money can be recovered.
Question	Which debts should be written off in accordance with agreed policy?
Conclusion & Recommendation	It is recommended that the committee consider and approve the write off of £690,093 of debt.

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

The Committee is requested to approve the write off of tuition fee debt of £690,093 in line with the agreed policy to write off irrecoverable debt older than 6 years. These have all previously been provided for in full so there is nil impact on the reported financial result for the year. As the total value of the write off exceeds £50,000, approval of the audit committee is required.

Tuition Fee Ledger

The proposed amount of write-off on the tuition fee ledger is £690,093. These debts have been fully provided for in the provision for bad debts. All attempts to recover these debts, including referral to a debt collection agency, have been exhausted. £282,000 of debt relating to 08/09 and before is not being written off as either repayment is being made or the debt has been referred for further investigation by our debt collection agency.

Debts by academic and financial period are detailed below:

Year	08/09	07/08	06/07	Prior	Total
Write off (£)	287,370	332,716	68,553	1,454	690,093

Recommendation

It is recommended that the committee approve the write off of tuition fee debt of £690,093.

	PAPER NO: AC.19(15)
Paper title:	Indicative Pension Assumptions used for the LPFA FRS17 report at 31/7/15.
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Natalie Ferer – Financial Controller
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To update the committee on progress obtaining indicative pension assumptions.

Executive Summary	
Context	The University includes in its balance sheet the value of the LPFA pension at 31/7/15. Valuation is undertaken by the scheme actuaries using assumptions agreed by the University. The LPFA publish indicative assumptions ahead of the year end for our consideration.
Question	What impact will the indicative pension assumptions have on the financial accounts?
Conclusion & Recommendation	It is recommended that the committee notes that indicative assumptions will be received from LPFA in late June.

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

We have requested early sight of indicative assumptions from Barnett Waddingham, the scheme actuaries, and have been advised that these will not be available until June. Following receipt of these indicative assumptions, the University will have a discussion with our external auditors, Grant Thornton, as to their suitability for LSBU. As last year, the assumptions will, upon receipt, also be circulated to members of Audit Committee for consideration and comment.

	PAPER NO: AC.20(15)
Paper title:	14/15 Internal Audit: June Progress Report
Board/Committee	Audit Committee
Date of meeting:	4th June 2015
Author:	PricewaterhouseCoopers
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide an update on progress against the internal audit plan for 14/15.

Executive Summary	
Context	<p>The attached report provides an update on the internal audit plan for 14/15.</p> <p>The 14/15 plan is now 82% complete, in line with the agreed profile of work, with the second continuous audit report on student data, and third continuous audit report on key financial systems being presented to this Audit Committee, along with the draft audit plan for 15/16.</p> <p>A third of actions from previous reports falling due at this point had been implemented, with the remainder in progress, and any delay in action mainly due to the re-structuring of the institution.</p> <p>The other matters section details the research and insight publications provided for reference in appendix 3, the analysis of the education sector risk profile in appendix 4, and key questions for Audit Committees in appendix 5 on page 21.</p>
Question	Is internal audit progressing in accordance with the agreed plan?
Conclusion & Recommendation	<p>The Executive recommends that Committee:</p> <ul style="list-style-type: none"> • Note this report into progress

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

*London South Bank
University*

Internal Audit
Progress Report
2014/15

June 2015

London South Bank
University

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Overview

Progress Summary

We have completed 82% 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:

- Two final reports:
 - Continuous Auditing: Key Financial Systems- Period Three (January 2015 to April 2015).
 - Continuous Auditing: Student Data - Period Two (November 2014 to March 2015).
- Our draft 2015/16 Internal Audit Plan.

Findings of our Follow Up Work

We have undertaken follow up work on actions with an implementation date of 30/04/2015 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 3 agreed actions have been followed up this quarter. One of these has been implemented (33%); two are currently in progress (67%). These relate to findings from our 2013/14 review of Office of the Independent Adjudicator (OIA). Progress details are summarised at Appendix 2.

Other Matters

We have issued a draft terms of reference for our second review of the Change Programme.

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. Our Higher Education Centre of Excellence and the PwC's Public Sector Research Centre (PSRC) produce a range of research and are the leading centres for insights, opinion and research on good practice in the higher education sector. We have included a summary of key publications at Appendix 3. We are happy to provide electronic or hard copy versions of these documents at your request.

We have included a summary of our recent publications at Appendix 3 and some examples of our recent thought leadership in Appendices 4 and 5, including:

- The results of our education risk benchmarking exercise – Education Sector Risk Profile 2015.
- Current Questions for Higher Education Audit Committees.

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 Three and Continuous Auditing: Student Data – Period Two.
- That the Audit Committee **comments** on our 2015/16 Internal Audit Plan.

Reporting Activity and Progress

Final reports issued since the previous meeting

Continuous Auditing: Key Financial Systems - Period Three

Performance has improved this period; this is determined with reference to the extent or monetary impact of the exceptions we identified in the course of our work.

Our overall summary of performance is below, the numbers in brackets indicate the number of operating effectiveness exceptions identified:

System	Trend	2014/15			2013/14		
		P3 (01/01/2015 – 30/04/2015)	P2 (01/08/2014 – 31/12/2014)	P1 (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 (2)	● Green (1)	● Green (0)	● Amber (2)	● Amber (3)
Accounts Payable	↑	● Green (1)	● Amber (1)	● Green (0)	● Green (0)	● Amber (2)	● Green (0)
Accounts Receivable	↔	● Green (1)	● Green (1)	● Green (0)	● Green (0)	● Green (0)	● Amber (2)
Cash	↔	● Amber (0)	● Amber (0)	● Green (0)	● Green (0)	● Green (0)	● Green (1)
General Ledger	↔	● Green (1)	● Green (0)	● Green (0)	● Green (1)	● Green (0)	● Amber (1)

Payroll

- 1/20 new starter forms had not been dated when it was authorised by HR (P1) and 1/20 overtime forms had not been dated by Payroll when it was authorised (P7).

Accounts Payable

- 10/20 new supplier forms were not dated (AP1).

Accounts Receivable

- We identified 2 instances where reconciliations had not been dated when they were authorised. This means we cannot confirm if the reconciliation was authorised on a timely basis (AR8 and AR6).

Cash

- Two control design exceptions have been raised:
 - During our last review (period two) we identified that there were a large number of reconciling items on Agresso which were over 6 months old. These items were identified as online payments made by students for accommodation through the KX system. These should be addressed by the KX administrator. The current balance of reconciling items is £25,738.30 unreconciled items.
 - 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 because the member of staff who is able to do this was on leave.

General Ledger

- We identified 3 instances where journals had not been authorised and 1 instance where a balance sheet control account reconciliation had not been dated when it was authorised.

Continuous Auditing: Student Data - Period Two

There has been a slight decline in performance this period due to an increase in the number of operating effectiveness and control design exceptions identified.

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	Period 2: 01/11/2014 – 31/03/2015		Period 1: 01/08/2014 – 31/10/2014		Trend
	Operating Effectiveness	Control Design	Operating Effectiveness	Control Design	
S1	6	-	-	-	↓
S2	1	-	5	-	↑
S3	7	-	4	-	↓
S4	3	1	-	-	↓
S5	2	1	8	-	↔
S6	9	-	3	-	↓
S7	-	-	1	-	↑
S8	-	-	2	-	↑
S9	4	-	1	-	↓
S10	1	-	6	-	↑
S11	1	-	-	-	↓
S12	1	-	-	-	↓
Total	35	2	30	0	↓

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 March 2015											
15 (15)	07/11/2014	20/04/2015	08/05/2015	26/05/2015	N/A	-	-	-	-	-	-
Quarter 4: May 2015 – July 2015											
Continuous Auditing: Key Financial Systems - January 2015 – April 2015											
13 (13)	06/08/2014	29/04/2015	08/05/2015	27/05/2015	N/A	-	-	-	-	-	-
Change Programme – Phase 2											
9 (1)											
Risk Management											
10 (0)											
Other											
20 (15)	Planning, contract management, reporting, value for money and follow up										
Total	125 (102)										

Appendix 2 – Follow Up

Implemented

Review	Agreed action	Risk rating	Status	Original due date
OIA 2013/14	<p>Compliance with policies and procedures</p> <ol style="list-style-type: none"> 1. A forthcoming review of the procedure will change the wording to reflect the fact that a few courses do not require the check. 2. 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. 3. 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. 4. 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>● Advisory</p>	<ol style="list-style-type: none"> 1. HSC will have literature on the requirement for its students to attend Occupational Health assessments. There is a specific list of courses where students must go through the Occupational Health process. The DDS team are aware of this and will be communicating with Occupational Health (in addition to the School) regarding all students on these courses who register with DDS. 2. DDS works closely with Schools (and other colleagues as appropriate) where there are students with more complex needs to ensure that support can be provided. This is on a case by case basis and where appropriate joint meetings between DDS, the School and the student will be organised by DDS. DDS also have regular meetings with Schools to discuss any arising or continuing complex cases and receive updates to ensure that support needs are being met. 3. This is in relation to feedback following a student undergoing a dyslexia assessment. We have now requested that dyslexia reports are returned to us within 10 working days by the dyslexia assessors. Students are booked in for a follow up feedback appointment at the same time as when the dyslexia assessment itself is booked wherever possible. Where a student does not wish to book a follow up appointment at this time they are advised to do so on the dyslexia assessment appointment confirmation. We do not specify timeframes in our procedures. 4. All students routinely sign a data protection act form during an appointment with a Disability Adviser prior to a Support Arrangement Form being circulated. 	<p>1: 30/11/2013 2: 31/07/2014 3: 30/11/2013 4: 31/08/2013</p> <p>All - 30/10/2014 All - 30/04/2015</p>

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>
OIA 2013/14	<p>Policies and procedures</p> <p>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.</p>	<p>●</p> <p>Advisory</p>	<p>The work completed by the Student Journey project within the Change Programme is now being taken forward by the new Head of Student Administration, who is in the process of re-structuring the School admin teams, and will then be working to ensure that processes are consistent across the institution whilst taking account of local requirements.</p>	<p>28/02/2014</p> <p>31/10/2014</p> <p>30/04/2015</p>	30/09/2015
OIA 2013/14	<p>Complaints</p> <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 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>●</p> <p>Advisory</p>	<p>The management structures within Academic areas are being re-appointed following the structural transition from Faculties to Schools. The Pro Dean roles have been disestablished, and the new School Executive Administration teams are being established. Once all of these posts have been filled, a training session will be organised for all to ensure that they are fully cognisant of current procedures and time frames in regard to student complaints.</p>	<p>31/10/2014</p> <p>31/12/2014</p> <p>30/04/2015</p>	30/09/2015

Appendix 3 – Recent PwC publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PwC PSRC produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.



The 2018 University

Higher education is facing a future that is challenging but also presents more opportunities for innovative organisations than ever before. Rather than being standalone academic institutions, universities will need to become ever more integrated into the economy, with real commercial awareness and relationship management capability, in order to thrive. The 2018 university is on its way. Are you ready to embrace it and the future?

<http://www.pwc.co.uk/government-public-sector/education/2018-university/index.jhtml>

Building Digital Trust

The higher education sector is a significantly different environment than it was several years ago and is now market-driven. There is a difficult balance for institutions to strike between cost management and value for money, with the need to invest in the IT and systems provision to meet the ever increasing student expectations.

Those institutions which do not invest face the risk of:

- reduced student applications and satisfaction
- barriers for academics to facilitate what they are best at
- lost opportunities for increasing process efficiencies

We outline the top ten challenges for higher education institutions when thinking about information systems and IT.



Pioneering the future: how higher education institutions can successfully navigate global working

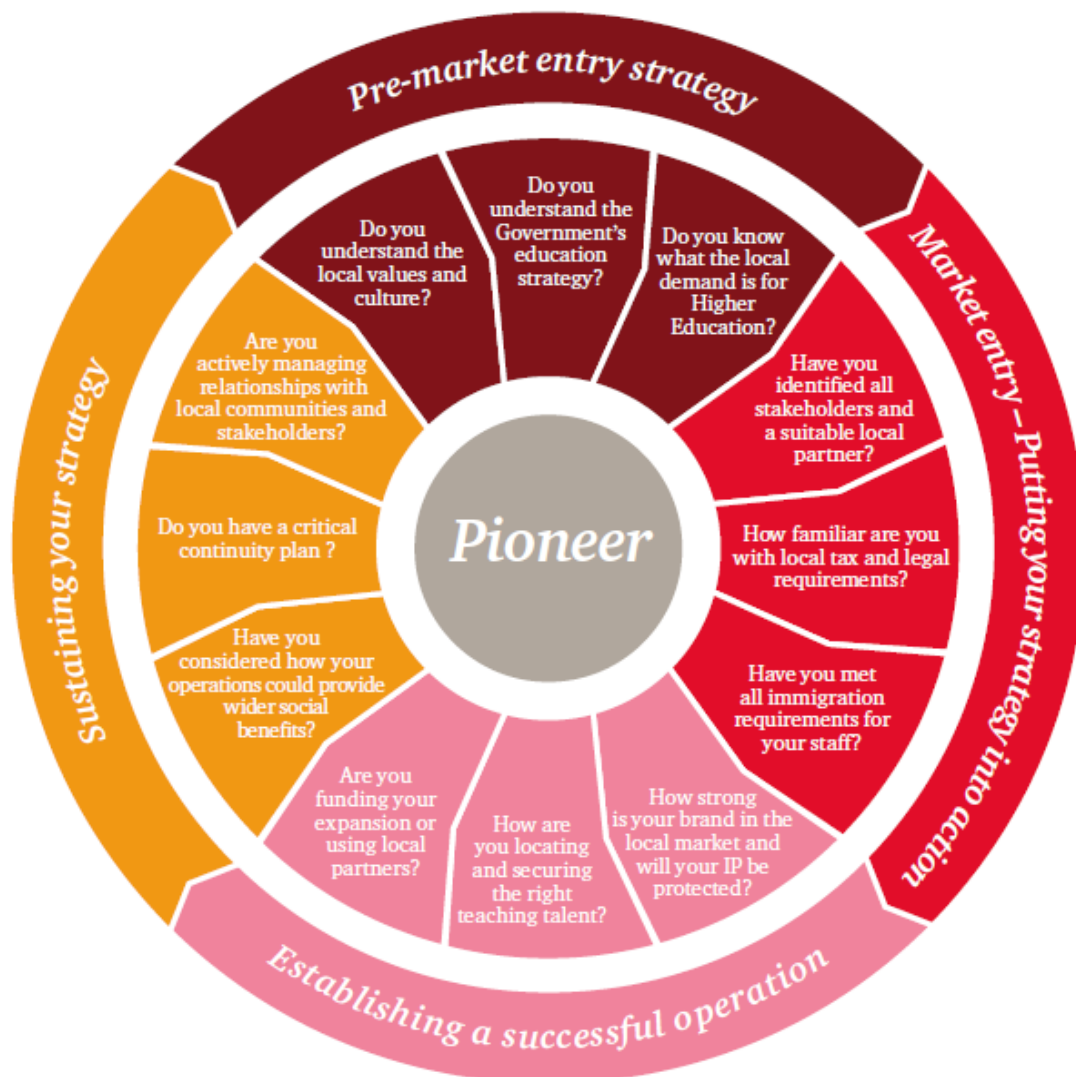
Emerging nations are acknowledged as key sources for future growth in international markets. However these markets often have strong government but weak governance. As colleges and universities look to develop their brand internationally and expand their campuses into new territories, understanding global working can become a governance and regulatory minefield. It's not just a matter of following the rules, but following them in the right way.

How do you know what you don't know? Some potential issues to consider are:



- What markets are you considering expanding into? What is the demand for higher education in these markets? What are consumers looking for from education providers?
- Who are your local competitors? What is their strategy and how could it affect you?
- What are the tax, social and economic consequences of operating in your country of choice? Are there any tax changes which might affect your strategy?
- How well do you know the 3rd party or partner organisations that you are working with? Could their reputation affect you?

Identifying the right opportunities and appropriate entry strategy for your institution means that you are fully informed of the costs, benefits and potential pitfalls. Understanding how to protect your operational and reputational risks is paramount, as even small mistakes can have big consequences.



We are happy to provide full electronic or hard copy versions of these documents at your request. All publications can be read in full at www.psrc.pwc.com/.

Appendix 4 – Education Sector Risk Profile – 2015

www.pwc.co.uk

Education Sector Risk Profile - 2015

Education Assurance
Services



1) Introduction and scope

Introduction

Effective risk management is a key control for institutions to mitigate the risks against delivery of strategic aims, and is also a core requirement of the HEFCE Memorandum of Assurance and Accountability (2014/12) which internal audit includes an annual opinion over.

The education sector continues to experience an increasing level of change, with significant challenges and unpredictability in student demand, a new Statement of Recommended Practice, and future uncertainties associated with this year's general election.

Effective risk management and governing body level reporting is more important than ever.

This paper seeks to present the findings of our benchmarking study of 40 institutions (2014: 40) in terms of what their significant risks were and how those risks were being managed.

Our sample and scope

We have reviewed Institutional level risk registers from a variety of different types of Institution which can be broken down as follows:

Type of Institution	Number	Percentage
Russell Group	10	25%
Higher Education - Other	23	57%
Further Education Colleges	7	18%
TOTAL	40	100%

The detailed findings from our review are set out in the next section of this paper. We have highlighted a number of different features of the risk registers of the institutions sampled, and what stood out as being best practice in each of those areas.

Key risks

Our review has sought to understand the most significant risk areas as assessed by institutions, and any sector trends. From our analysis the top five risk areas appear to be in relation to:

- 1) Student recruitment - undergraduate and postgraduate (including international students);
- 2) Research income and quality (decreased from prior year analysis);
- 3) Funding body grant income reductions (increased from prior year analysis);
- 4) Government policy/ political landscape (increased significantly from prior year analysis); and
- 5) Pension deficit affordability (increased from prior year analysis).

The diagram in sections three to five summarise the profile of risks for the HE and FE sector combined, based on our sample of risk registers analysed, showing average risk likelihood and impact assessments. The diagram in section five is the profile of risks for Russell Group Universities only and in section six is that in the FE sector only. Based on the significance of these risk areas to institutions, Audit Committee attention is crucial in helping mitigate the risks and ensure appropriate assurance is received.

2) Detailed review of risk registers

From our analysis of the risk registers across the sector we have identified a number of best practice characteristics which we believe should be a feature of risk registers. We have highlighted below results of our review of the sample of risk registers, highlighting a number of statistics from that analysis.

Impact and likelihood matrix

Risk register should include a clear methodology for assessing the impact and likelihood for identified risks (in effect the inherent risk). This is usually in the form of a matrix with over 90% of registers using some form of numerical matrix to give each risk a quantitative “score”, such as that illustrated below:

Extract from Risk Management Policy: Impact and Likelihood categories; definition of Risk Thresholds. Full details of impact scoring are available in the Risk Management Policy and Procedures Manual.

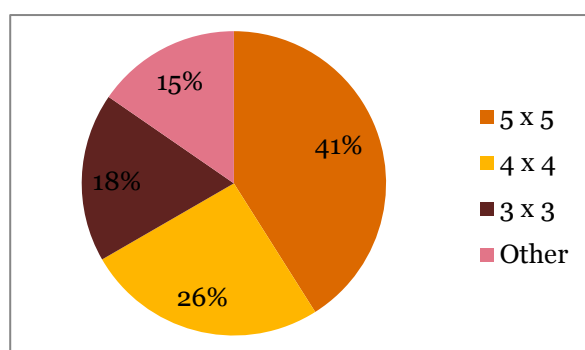
IMPACT	Single loss (€)	Forecast accumulated cost over 2 years
5	>€25m	>€50m
4	>€10m	>€25m - <€50
3	>€5m	>€10m - <€25m
2	>€0.5m	>€1m - <€10m
1	0	<€0.5m

Score	Range	LIKELIHOOD
5	81% - 100%	Almost certain to happen within the timing horizon
4	51% - 80%	More likely to happen than not
3	31% - 50%	Less likely to happen
2	11% - 30%	Unlikely
1	0% - 10%	Virtually impossible

Threshold	Risk Rating	Level of exposure	Action
Alarm	20 - 25	Unacceptable	Immediate corrective action
High	12 - 19	Concern	Decision required by ALT
Medium	5 - 11	Acceptable	Regular monitoring
Low	1 - 4	Acceptable	Regular monitoring

Our review highlighted that:

- 41% use a 5 x 5 impact / likelihood matrix to assess inherent and residual risk; and
- 62% have defined the risk rating scale used, and 23% have defined it in financial terms.



The chart opposite summarises the other type of matrices used by institutions.

More advanced registers also included a scale/framework to define the scoring system qualitatively or quantitatively in financial terms at a Corporate/ Faulty/Service and project level.

Links to strategic objectives

Effective risk management is based around strategic plan objectives having the risks of non-achievement assessed, and those risks being directly linked to those objectives.

The proportion of risk registers that have this information within our sample was relatively low at 26%. Effective risk management relies on being linked to key strategic priorities to ensure institutions understand the risks of not achieving strategic priorities, and therefore focus their mitigation work on those strategic risks.

26% have linked risks to institutional strategic objectives

Mitigating controls

Once risks have been identified and assessed, the details of the mitigating controls in place to address the inherent risk should be outlined at a high level in order to assess the residual risk associated with that area.

Our review found 77% of risk registers identified the mitigating controls to address the underlying risk.

Residual risks

An assessment of the residual risk using the same scoring system as used for the 'gross' risk should be documented. This assesses the effectiveness of the mitigating controls, as we would generally expect to see a reduction in the risk score after mitigation.

Our review has highlighted 62% of institutions have assessed the residual risk after mitigation.

Mitigating actions

Once the residual risk has been assessed there are mitigating actions required in order to control the level of risk identified. In more advanced registers these actions have a specific owner who may be different from the overall risk owner. Our review highlighted that:

- 69% have mitigating actions to address residual risk; and
- 87% have identified the risk owners.

Number of risks

We are often asked how long a risk register should be and what a typical number of risks is.

The average number of risks that appeared on the risk registers sampled was 17 and ranged from between ten to over 50 risks. In general the more effective risk registers included 10 to 20 risks and consolidated specific risks and actions into more general themed risks.

**Average number of risks:
17**

**Average number of pages
on risk register: 14**

Direction of travel

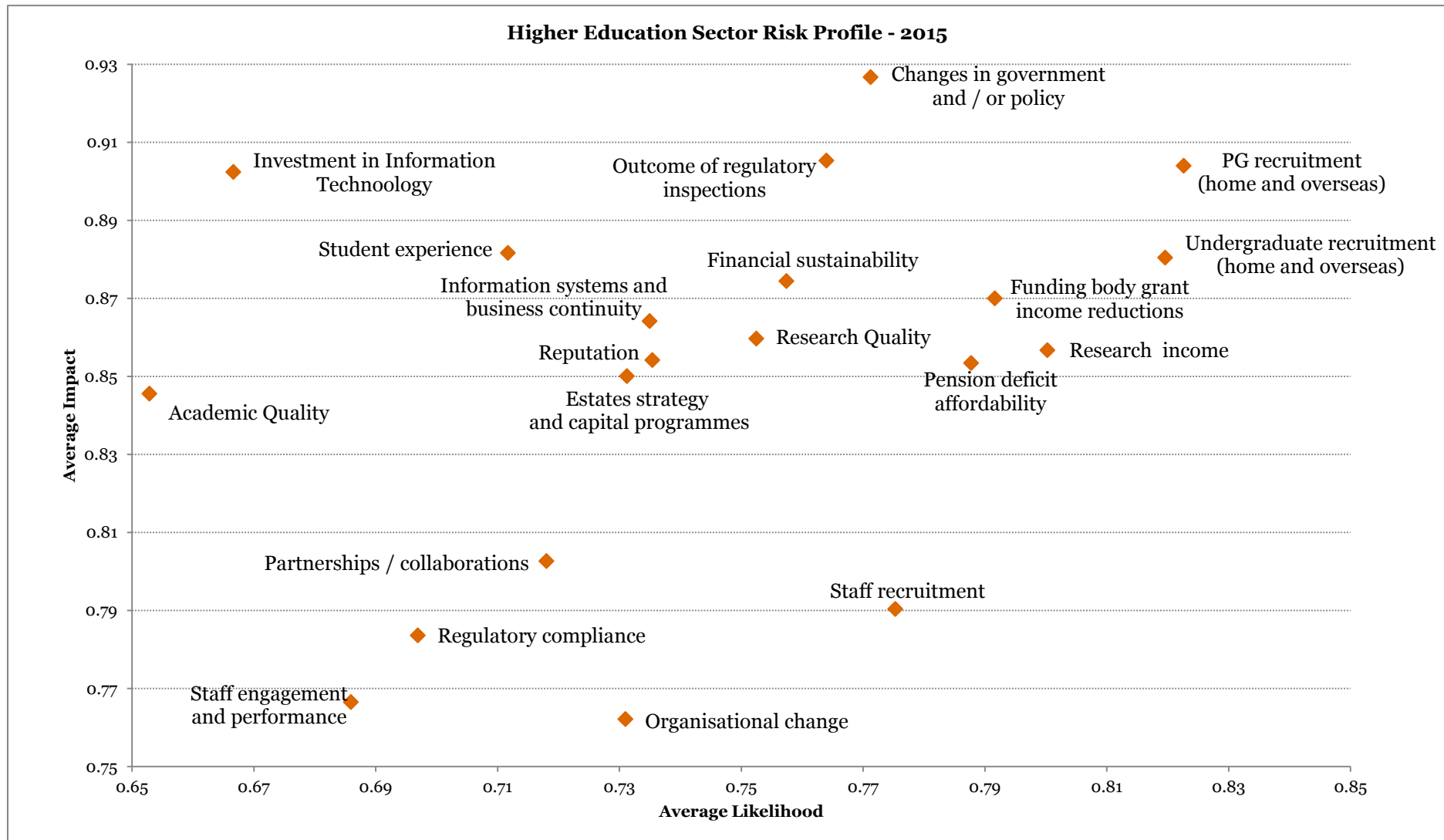
To give an indication as to the relative movement on the institutional risks from one period to the next, the more advanced registers identify the direction of travel of the risk and the comparative score for prior year. This allows the reader an opportunity to assess risks in a dynamic context and whether the risk level is changing over time.

Our review highlighted that 36% of institutions included the direction of travel of individual risks on their risk registers.

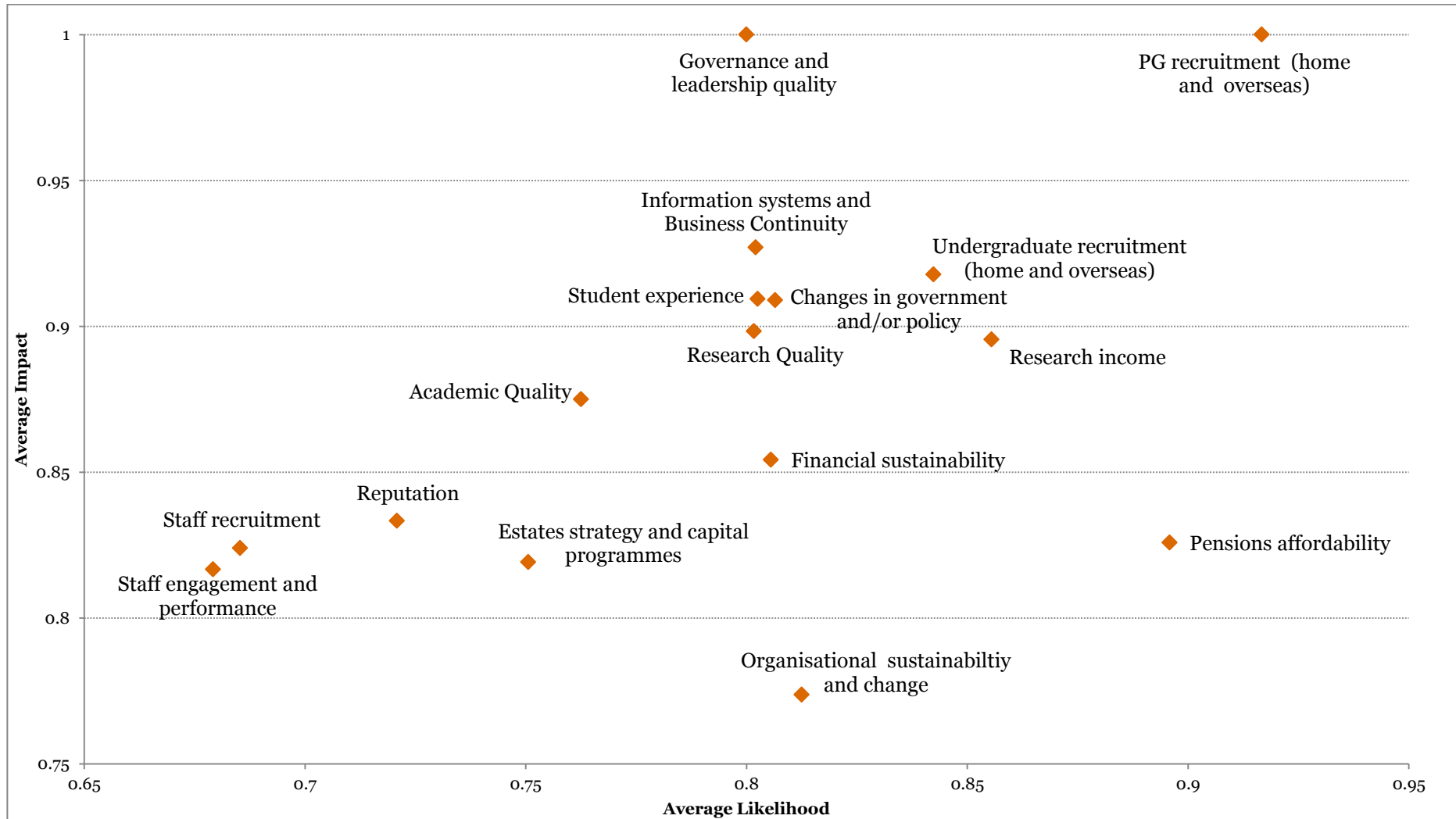
Risks facing institutions

There were a wide variety of risks within many of the overall risk themes and included within Appendix A is further narrative regarding each risk theme and a disaggregation of the risk types which are identified within each category.

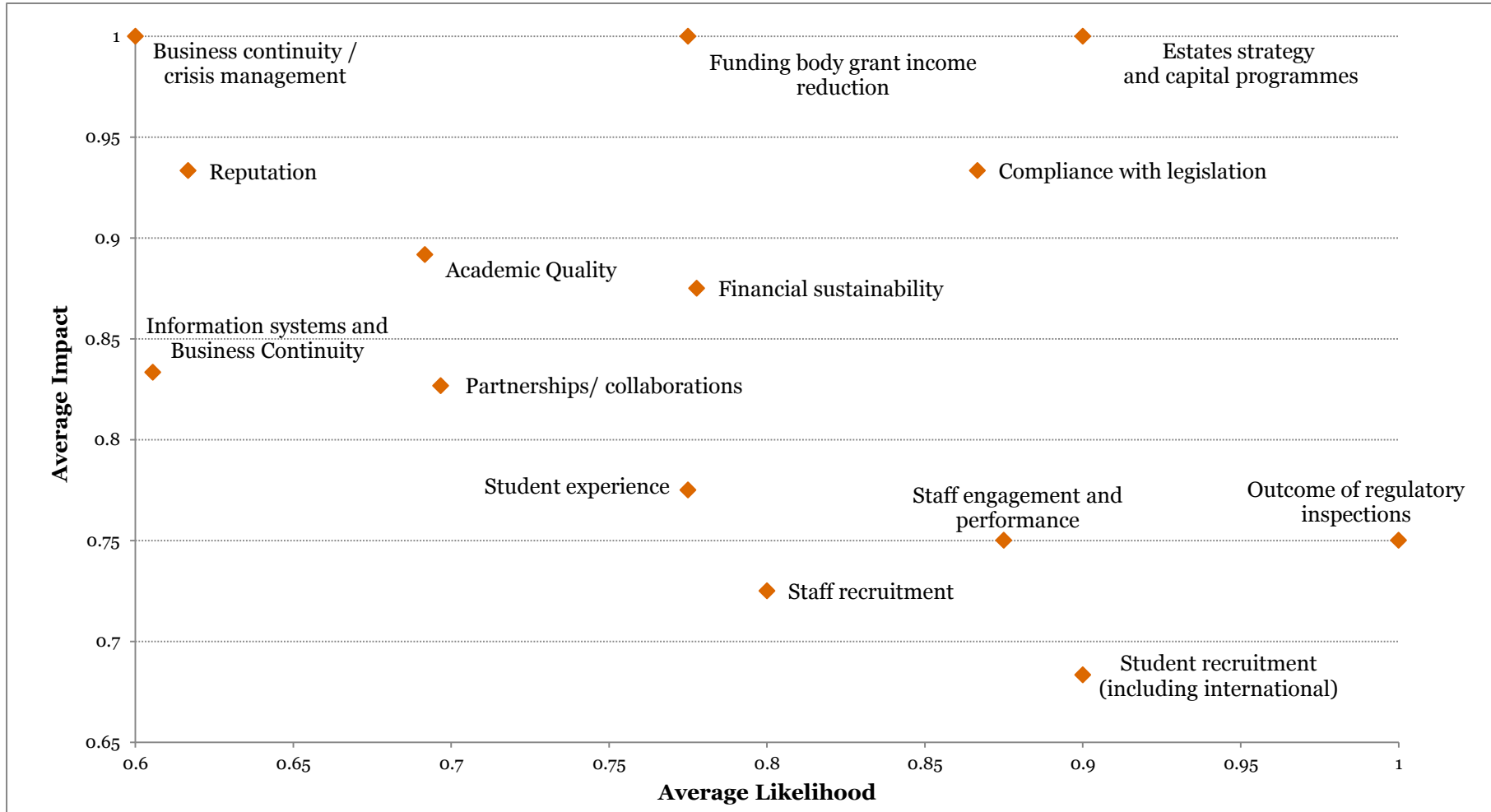
3) Higher education sector risk profile



4) Russell group risk profile



5) Further Education risk profile



Appendix A – Risk themes and subcategories

Risk theme	Subcategories of risk
Undergraduate recruitment (including international)	<ul style="list-style-type: none"> • Failure to achieve student recruitment targets (intake numbers/profile/quality) • Failure to improve student retention rates • Failure to recruit students to targets at the new fee levels
Postgraduate recruitment (including international)	<ul style="list-style-type: none"> • Recruitment of PG student numbers lower than planned • Failure to recruit International students to target • Failure to recruit PG students because of unattractive provision
Changes in government and/or policy	<ul style="list-style-type: none"> • Failure to respond to changes in government policy • Loss of funding through changes in government Policy • External policy environment • Government and regional policy changes • Potential political turbulence: e.g. withdrawal from the EU, change of government
Outcome of regulatory inspections	<ul style="list-style-type: none"> • Failure to meet external assessment at minimum expected levels • Unfavourable external audit outcome • Failure to achieve an overall rating of good or better in Ofsted inspections • Failure to achieve positive outcomes in national inspections • Risk of inadequate assessment by funding bodies • Failure to meet key external data reporting requirements
Funding body grant income reductions	<ul style="list-style-type: none"> • Change of funding methodology by external funding bodies • Availability of funding from main providers • Failure to respond to significant changes in funding • Increasingly volatile funding environment • Failure to meet fundraising targets
Research income	<ul style="list-style-type: none"> • Risk that REF financial outcome results in reductions in funding • Failure to develop R&D income • Failure to meet research income targets and to sustain research excellence • Income growth expected from greater research and enterprise activity does not materialise • Failure to deliver targeted increases in research grant and contract income and contribution
Pensions deficit and affordability	<ul style="list-style-type: none"> • Unaffordable / unsustainable pension scheme deficits • Failure to comply with pension provider requirements • Failure to monitor pensions position leads to an unexpected and unmanageable increase in required funding • Impact of pensions reform • Reputational risk relating to national industrial action re: USS pension
Financial sustainability	<ul style="list-style-type: none"> • Rising costs of provision • Financial sustainability of Institution • Failure to maintain the financial viability of the institution • Failure to maintain sustainable charging model for undergraduate students • Commercial contracts are inappropriately costed
Research Quality	<ul style="list-style-type: none"> • Quality of research • Failure to achieve satisfactory outcomes in the Research Excellence Framework • Inability to significantly grow research agenda • Failure to develop and implement a research and teaching infrastructure • Poor progression on research projects and failure to develop research sufficiently

Risk theme	Subcategories of risk
Estates strategy and capital programme	<ul style="list-style-type: none"> • Failure to adequately manage the estates strategy • Inadequate rate of maintenance, enhancement and investment in the estate • Failure to deliver the correct supporting infrastructure including the Estates master planning exercise and other capital spending • Failure to rationalise the estate, achieve more effective space utilisation • Inadequate capital investment strategy • Failure to augment, improve and renew facilities and infrastructure in line with needs
Governance and leadership quality	<ul style="list-style-type: none"> • Leadership capacity and capability • Leadership management and expertise • Governance structures are not adequate • Lack of capacity within the leadership team results in failure to deliver key projects
Compliance with legislation including UKVI compliance	<ul style="list-style-type: none"> • Statutory compliance with legislative framework • Failure to manage Health and Safety regulations • Responding to curriculum and assessment changes • Changes to UK immigration policies and practice • Changes to the regulatory environment
Reputation	<ul style="list-style-type: none"> • Ineffective brand development • Competition, position and changing external environment • Reputational damage • Perceptions of the value of HE provision • Failure to maintain market position in a changing higher education environment • Failure to position the University optimally to reflect changing student demands, increased regional and national competition
Student Experience	<ul style="list-style-type: none"> • Risk of failure to meet student expectations for education and experiences. • Student satisfaction levels • Student experience and successes • Failure to enhance student support / student experience • Failure to meet student expectations and agreed level of NSS satisfaction
Business Continuity / Crisis Management	<ul style="list-style-type: none"> • Criminal and anti-social activity on campus • Loss of key members of staff • Student health and wellbeing • Student protest actions • Death or serious injury to staff/student on a visit or trip • Serious injury to visitors
Academic Quality	<ul style="list-style-type: none"> • Quality of Teaching and Learning • Academic Quality and excellence • Failure to enable a high performance culture • Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement
Staff Recruitment	<ul style="list-style-type: none"> • Low employer and stakeholder engagement • Failure to recruit, retain and reward staff. • Ability to meet targets for staff numbers with doctoral level qualifications
Information systems and business continuity	<ul style="list-style-type: none"> • Data systems failure • Disaster management • Failure of ICT facilities • IT security – risk of “hacking” attack by internal or external source • Loss of sensitive data due to systems being compromised or weak security practices • Unreliable ICT infrastructure • Prolonged loss of mission critical systems and/or IT infrastructure
Organisational sustainability and change	<ul style="list-style-type: none"> • Inability to develop capability and capacity in terms of ITS/Estates/Staff to respond to the university’s step-change activities • Failure to make necessary strategic and operational changes. • Failure to deliver a sustainable, effective and efficient organisation • Effectiveness of delivery impaired as Institution goes through restructuring

Risk theme	Subcategories of risk
	<ul style="list-style-type: none"> process • Development of industry relevant and accessible courses.
Investment in Information Technology	<ul style="list-style-type: none"> • Failure to delivery technology enhanced learning • Failure to improve IT infrastructure for learning • Failure to deliver ICT transformation projects • Insufficient investment in technology and systems developments • IT infrastructure and learning resources do not match student requirements • Failure to exploit full potential of current and future technology • Failure to develop and use business support IT systems to improve the efficiency and effectiveness of business processes and learning
Partnerships and Collaborations	<ul style="list-style-type: none"> • Maintain effective relationships with key stakeholders and feeder institutions • Failure to develop ways to listen and respond to stakeholders impacts • Partnerships do not deliver as intended • Failure to approve new subcontracts with partners • Failure to develop a selective, critical mass of partnerships • Failure to deliver change and efficiencies due to deteriorating industrial relations climate. • Failure to exploit opportunities in international partnerships
Staff engagement and performance	<ul style="list-style-type: none"> • Low levels of staff engagement / morale • Failure to embed a culture of high expectations and high performance amongst staff • Failure to maximise teaching potential • Failure to communicate effectively with staff and to provide a suitable environment

Appendix 5: Current questions for higher education Audit Committees 2015

Current Questions for Higher Education Audit Committees 2015

Higher Education
Assurance Services



Current Questions for Higher Education Audit Committees

The year 2015 marks a series of significant developments for the higher education sector. Institutions are currently recruiting for the 2015/16 which sees the removal of the student number control limit, which has further marketised the sector. There is also an increasing level of uncertainty around the 2015 General Election, the spending review which will follow and what this would mean for the higher education sector.

Institutions are continuing to adapt to these external factors and behaving more like commercial businesses. The role of the Audit Committee is important to the effective governance of institutions in their support of the governing body through this dynamic and uncertain period.

This paper follows on from our previous ones, which poses a number of key questions we see Audit Committees asking across the sector, and a number of perspectives we see. This is intended to provoke debate and consideration of emerging issues in the sector of relevance for Audit Committees to facilitate members' engagement, rather than providing comprehensive solutions to these issues.

Marketisation and Student Demand

Since 2012/13 the new tuition fees regime has introduced a level of marketisation to the higher education sector. This trend is further compounded by the removal of the student number control limit for 2015/16 enrolments.

Some institutions are opting to maintain capacity at current levels, whereas others are considering expansion. Clearly there is a balance between application levels to individual institutions, and decisions between tariff levels and academic quality.

There is a greater role for marketing functions to attract students to apply to the institution, as well as the importance of admissions functions in maximising conversion rates from application to enrolments.

Whatever decisions are made by individual institutions we expect demand patterns to shift between institutions, which may put some institutions under pressure.

This means institutions need to become more commercial and agile in responding to change. There is also a shift towards treating students as consumers, which for many institutions' academics is a significant cultural shift.

Key questions for Audit Committees include:

- What is the impact of these sector-wide challenges on the institution's results?
- How effectively is the institution mitigating these significant risks?
- What assurance over significant institutional change are we receiving?

Financial sustainability and operating efficiency

Since 2012/13 the tuition fee cap has been set at £9,000 and not subject to any level of inflation. Whilst there is a potential change in government post-election, there is no indication of any inflationary increase. So, in real terms tuition fees are decreasing.

With pay and pension costs rising and the need to fund private financing of capital, there is an increasing need for institution's operating models will need to be more efficient to match the year on year real terms reduction in tuition fees. Some institutions are looking to IT-enabled solutions to drive efficiencies, but for many this will require more fundamental transformation programmes to redesign processes.

Audit Committees should remain focussed on understanding how the institution is managing this risk. Important aspects to consider are:

- What working capital facilities are in place to help manage short term cash flow under the new payment regime from the Student Loans Company? We are aware of some having to take out additional facilities and renegotiating borrowing limits with their funding bodies; and
 - Key assumptions underpinning financial forecasts, and the impact of sensitivity analysis on those forecasts to predict "best" and "worst case" scenarios. This will become even more important with the introduction of the new education SORP which may result in even more volatile financial results.
-

Investment in IT

In our latest blog on ‘The 2018 University’ at www.pwc.blogs.com/publicsectormatters, we focus on the challenges found in the IT departments of institutions. This specifically focusses on how they will use IT to establish better, more connected ways of working and support institutions in delivering their strategies using business intelligence.

If institutions do not become more flexible and responsive to the changing dynamic between institution and student, they risk not only lower student numbers, but also risk losing important research and educational rankings.

There are three key areas which institutions should focus on:

- 1) Strengthening relationships between central IT and the wider institution;
- 2) Adopting institution-wide systems architecture and centralisation of IT provision where appropriate. This avoids the value for money and vulnerability risks around purchasing commodity IT and service duplication within Faculties; and
- 3) Balancing control of IT change management programmes with innovation. The right governance structure is key to achieving this balance.

Key questions for Audit Committees to consider include:

- How well do we understand the institution’s information and technology strategies, and is it at an appropriate level of detail? We have seen Audit committees in the past being presented with large volumes of detailed technical information which has masked an absence of overall strategy around IT.
- Is the operational delivery of and investment in IT consistent with the strategy?

Our experience is shows a periodic ‘SWOT’ assessment helps members better engage with management. Audit Committees are increasingly inviting members of IT management to present on their institution’s arrangements to facilitate a better overall understanding.

Digital and cyber risk

Information governance has been an area Universities have been working on for a number of years with good progress being made. Recently the emphasis has been on cultural awareness as much as automated IT solutions and security measures.

The last year has highlighted an increase in ‘cyber attacks’ which has raised the profile of security measures in general. Institutions do hold a wide range of sensitive data, including personal data, research data and intellectual property. Our experience is that cyber-attacks are not always intended for material gain, and can often be for varied motives.

Audit Committees should reflect on their understanding of the risks in this area and the extent of timely information and assurance they receive.

International Strategy and Operations

Immigration controls notwithstanding, higher education globally continues to grow in developing countries and the UK’s reputation is still strong. We are seeing institutions investing in overseas activity, whether through recruiting international students, investing in overseas campuses or branches, or alternative forms of transnational education which the UK government is encouraging growth of.

The increasing incidence of institutions operating overseas means that Audit Committees must be clear on:

- The institution’s internationalisation strategy; and
- Understanding what their institutions are doing operationally, and where.

Overseas operations present significant opportunities but there are important issues around risk management, governance and control which Audit Committees need to be assured over.

Knowing who you are doing business with overseas is a key consideration, and therefore reputational due diligence should be undertaken before entering in to formal arrangements.

<p>UKVI Compliance and International Operations</p>	<p>The Home Office through its UK Visas and Immigration (“UKVI”) team continues to enforce a rigorous compliance regime for international tier 4 visa students and tier 2 staff. This has historically required a significant level of intervention and correction by management, although we are seeing some improvements in this area.</p> <p>Institutions have made some good progress in this area, although the UKVI is now taking a risk-based approach focussing on the locations of campuses and also origin of students.</p> <p>Key areas of focus for the Audit Committee should be around how the University monitors engagement and attendance of its students, reporting processes, and how the institution mitigates fraud risks around English language qualifications and document falsification.</p>
<p>Business Resilience and Crisis Management</p>	<p>Business Continuity is not a new concept for organisations, although we have historically found the operational effectiveness of management arrangements to vary significantly.</p> <p>This is an area US institutions have focussed on a lot in recent years, particularly crisis management arrangements in response to criminal and terrorist activity on campuses. Our perspective is that US institutions are ahead of UK institutions in this regard.</p> <p>It is important UK institutions are clear on their business continuity arrangements with regards a range of scenarios ranging from IT system outages, estate access issues, crisis management, and absence of key members of staff. Scenario planning and testing is a valuable way of assessing how good the institution’s response would be.</p> <p>Audit Committees have a role in challenging management’s documented approaches and assurance sources, asking questions along the lines of “what would we do if...?”</p>
<p>Data Quality and the Audit Committee Opinion</p>	<p>The Memorandum of Association requires Audit Committees to give an annual opinion over the management and quality assurance of data. The key change from the previous Financial Memorandum is the addition of this opinion to include data submitted to the Student Loans Company as well as HESA, HEFCE and other funding bodies.</p> <p>We are seeing a trend of management preparing self-assessments for key returns which provides a level of management assurances to support independent assurance from internal auditors and other external bodies. This provides a greater evidence base which Audit Committees can base their opinions on.</p> <p>Audit Committees should consider the basis on which they are forming their annual opinion. This reflects a much broader range of data returns than in the past, but also the importance of data from the perspective of informing strategic decision making - not just for compliance purposes.</p> <p>A further area to maintain a watching brief will be competition regulation. The Competition and Markets Authority has undertaken a consultation on draft consumer protection law for institutions in relation to their dealings with undergraduate students. As such, higher education competition is likely to be subject to regulatory challenge.</p>
<p>Accounting Change: FRS 102 and the new SORP</p>	<p>The new HE/FE Statement of Recommended Practice (“SORP”) was released in March 2014 and has an implementation date of 2015/16. This will bring significant change in how the financial statements are presented and reported results.</p> <p>Institutions should understand the key areas of impact and ensure implementation plans are in place, which will support informed accounting policy decisions. There will be a significant workload for management and resource implications should now be known.</p> <p>Key areas of impact are around the expected USS pension deficit, revenue recognition, and “off-balance sheet” items such as student residences coming “on-balance sheet”. The accounting policy choice of asset revaluation is being considered by many as a means of offsetting the additional liabilities and volatility in results the change brings. Banking covenants for many will be impacted and in some cases may need to be re-negotiated.</p> <p>Audit Committees have an important challenge role to play in this regard. This requires a full understanding of the key impacts for the institution, as well as sight of the University’s implementation and resource plans.</p>



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	PAPER NO: AC.21(15)
Paper title:	Continuous Audit Report into Key Financial Systems; Jan – April 2015
Board/Committee	Audit Committee
Date of meeting:	4th June 2015
Author:	PricewaterhouseCoopers
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide the third report for the continuous audit of key financial systems, as part of the 14/15 internal audit plan.

Executive Summary	
Context	<p>The continuous audit for finance no longer takes place quarterly, and this report relates to the testing which took in May 2015, for the period January – April 2015.</p> <p>The report rates four areas as green, but found continuing issues in the reconciliations with the KX halls accounting system which has caused the rating for Cash to remain amber.</p> <p>The detailed findings are in section 2 on page 4 of the report, with the control design findings on page 10.</p>
Question	Are financial controls operating effectively?
Conclusion & Recommendation	<p>The Executive recommends that Committee:</p> <ul style="list-style-type: none"> Note this report

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

Internal Audit Report 2014/2015

Continuous Auditing: Key Financial Systems

Period Three (1st January 2015 – 31st April 2015)

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

Findings and recommendations

Payroll

- 1/20 new starter forms had not been dated when it was authorised by HR (P1) and 1/20 overtime forms had not been dated by Payroll when it was authorised (P7).

Accounts Payable

- 10/20 new supplier forms were not dated (AP1).

Accounts Receivable

- We identified 2 instances where reconciliations had not been dated when they were authorised. This means we cannot confirm if the reconciliation was authorised on a timely basis (AR8 and AR6).

Cash

























- Two control design exceptions have been raised:
 - During our last review we identified that there were a large number of reconciling items on Agresso which were over 6 months old. These items were identified as online payments made by students for accommodation through the KX system. These should be addressed by the KX administrator. The current balance of reconciling items is £25,738.30 unreconciled items.
 - 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 because the member of staff who is able to do this was on leave.

General Ledger

- We identified 3 instances where journals had not been authorised and 1 instance where a balance sheet control account reconciliation had not been dated when it was authorised.

2. Detailed findings

Payroll





















Key control	Exceptions* P3 2014/15	Details on exceptions	Exceptions P2 2014/15	Exceptions P1 2014/15	Exceptions P4 2013/14
P1 Authorised and accurate new starter forms are received prior to an individual being entered on to the Payroll system.		<ul style="list-style-type: none"> 1/20 new starter forms had not been dated when it was authorised by HR. <p>Management response: Management Response - Payroll staff will alert HR of instances where starter forms have not been dated.</p> <p>Responsibility for action: Felicity Brightwell, Payroll Team Leader</p>			
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.		<ul style="list-style-type: none"> 1/20 overtime forms had not been dated when it was authorised. <p>Management response: Payroll staff will be reminded to only process claims that are properly signed and dated.</p> <p>Responsibility for action: Felicity Brightwell, Payroll Team Leader</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.					
P9	Expenses are supported by appropriately authorised claim forms.					

* 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 P3 2014/15	Details on exceptions	Exceptions P2 2014/15	Exceptions P1 2014/15	Exceptions P4 2013/14
AP1	Authorised documentation must be received prior to the creating a new or amending a supplier record.		<ul style="list-style-type: none"> 10/20 new supplier forms had not been dated <p>Management response: Forms are dated to evidence secondary review of supplier input and to confirm that the supplier details on the system agree to the supplier form. We are looking to add an extra field to the Sharepoint process to log the timing and date of validations taking place.</p> <p>Responsibility for action: Penny Green, Head of Procurement</p>			
AP2	Invoices are approved for payment by an appropriately authorised individual.					
AP3	Invoices are matched to purchase orders for all expenditure prior to payment and variances investigated.					
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 P3 2014/15	Details on exceptions	Exceptions P2 2014/15	Exceptions P1 2014/15	Exceptions P4 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.	●		●	●	●
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.	●	<ul style="list-style-type: none"> 1/2 reconciliations had not been dated when it was authorised (February 2015) <p>Management response: Staff will be reminded to date as well as sign all reconciliations.</p> <p>Responsibility for action: Natalie Ferer, Financial Controller</p>	●	●	●
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.



- 1/2 reconciliations had not been dated when it was authorised (February 2015)

Management response:

Staff will be reminded to date as well as sign all reconciliations.

Responsibility for action:


Natalie Ferer, Financial Controller




Cash

	Key control	Exceptions P3 2014/15	Details on exceptions	Exceptions P2 2014/15	Exceptions P1 2014/15	Exceptions P4 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

<i>Finding</i>		
Management were not able to provide us with a system-generated list of users and their access levels directly from the KX system because the member of staff who is able to do this was on leave.		
<i>Risk</i>		
Reliance on one key individual could lead to business continuity issues.		
<i>Action plan</i>		
<i>Finding rating</i>	<i>Agreed action</i>	<i>Responsible person / title</i>
Medium Risk 	The member of staff in Estates who was able to run the system generated list of users was on leave during the audit and no-one else in the team had access to this functionality. We will work with the new Head of Residences to ensure that this report is run regularly and there is cover in the event of staff absence.	Natalie Ferer, Financial Controller
		<i>Target date:</i>
		31/07/2015
		<i>Reference number:</i> C4

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

<i>Finding</i>		
During our last review we identified that there were a large number of reconciling items on Agresso which were over 6 months old. These items were identified as online payments made by students for accommodation through the KX system. These should be addressed by the KX administrator. The current balance of reconciling items is £25,738.30 unreconciled items. We recognise that management have significantly reduced the number of reconciled items; the balance in February 2015 was £1,400,001.86.		
<i>Risk</i>		
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.		
<i>Action plan</i>		
<i>Finding rating</i>	<i>Agreed action</i>	<i>Responsible person / title</i>
Medium Risk 	The team will build into their processes a review of items that will become 6 months old in the next month, so items are reviewed and corrected in a timely manner	Brian Wiltshire, Treasury Manager
		<i>Target date:</i>
		31/07/2015
		<i>Reference number:</i> C5

General Ledger

	Key control	Exceptions P3 2014/15	Details on exceptions	Exceptions P2 2014/15	Exceptions P1 2013/14	Exceptions P4 2013/14
GL1	Journals must be authorised, with supporting documentation, prior to being posted on the system.		<ul style="list-style-type: none"> 3/25 journals had not been authorised. <p>Management response: Journals were posted after the monthly review was performed.</p> <p>Responsibility for action: Natalie Ferer, Financial Controller</p>			
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.		<ul style="list-style-type: none"> 1/20 balance sheet control account reconciliations had not been dated when it was authorised. <p>Management response: Staff will be reminded to both sign and date reconciliations.</p> <p>Responsibility for action: Natalie Ferer, Financial Controller</p>			
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	Accurate payments are made to valid employees of the organisation. Accurate payments are made in	Fictitious employees are established on the payroll and/or employees are established on the payroll incorrectly (e.g. incorrect pay scale). Payments are made in error to employees who

	respect of valid expenses claims.	<p>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>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 accounts receivable system and student record system 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	<p>Ledger balances are valid and accurate.</p>	<p>Invalid, incomplete or inaccurate journals are posted. This could disguise misappropriations or mean there is no evidence to support decisions made.</p> <p>Suspense accounts and balance sheet control accounts are not cleared on a timely basis.</p> <p>Segregation of duties is not maintained, this could compromise the validity and accuracy of general ledger information.</p>

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:

- Phase 1: May 2014 – July 2014
- Phase 2: August 2014 – December 2014
- Phase 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
Janak Savjani	Continuous Auditing Technician	janak.j.savjani @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
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
Julian Rigby	Income Manager	rigbyj@lsbu.ac.uk	Audit contact
Ravi Mistry	Financial Systems Manager	mistryrm@lsbu.ac.uk	Audit contact
Nicolas Waring	Cash Office Manager	waringn@lsbu.ac.uk	Audit contact
Denise Sullivan	Payroll Manager	d.sullivan@lsbu.ac.uk	Audit contact
Ephraim Maimbo	Financial Accountant	maimboe@lsbu.ac.uk	Audit contact
Felicity Brightwell	Payroll Team Leader	clarkef4@lsbu.ac.uk	Audit contact
Andrew Ratajczak	Manager; Fees, Bursaries and Central Enrolment	ratajca@lsbu.ac.uk	Audit contact

Timetable

	Phase 1	Phase 2	Phase 3
Fieldwork start	11/08/2014	19/01/2015	29/04/2015
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.22(15)
Paper title:	Continuous Audit of Student Data
Board/Committee	Audit Committee
Date of meeting:	4 June 2015
Author:	PricewaterhouseCoopers
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide the report for the continuous audit of student data for period 2 within the plan of internal audit activity for 14/15.

Executive Summary	
Context	<p>The scope of continuous audit was widened in 14/15 to include student data, and this report relates to the testing in April 2015, for the second semester period.</p> <p>The report findings are classified as medium risk, with a total of 35 exceptions identified in this review. This is a slightly increased number of exceptions, although there has been improvement in 5 of the 12 controls tested, and some of the findings relate to paperwork from partner colleges with delegated administration processes.</p> <p>The findings are detailed in section 2 on pages 3 – 6, including lack of evidence of criminal conviction check, a failure to sign immigration forms, or record process completion, failure to issue attendance reports on a timely basis, or take follow up action, and lack of response to the non-conformance reports generated.</p> <p>There are also two control design findings on pages 7 & 8, where the testing has highlighted lack of internal consistency, or exceptional processes that do not enable parity of assurance.</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 4 on page 9.</p>
Question	Are the controls around student data operating effectively?

London South Bank University

Conclusion & Recommendation	The Executive recommends that Committee: <ul style="list-style-type: none">• Note this report	
Matter previously considered by:	N/A	
Further approval required?		



*Internal Audit
Report 2014/2015*

*Continuous Auditing: Student
Data*

Period Two (1st November 2014 – 31st March 2015)

May 2015

London South Bank
University

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Distribution List

For action:	Ralph Sanders (Director of Planning, Information & Reporting) Dave Lewis (Software Development Team Leader) Sheila Patel (Applications Support and Maintenance Team Leader) Lisa Upton (Senior Assistant Registrar) 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) Jenny Laws (Head of Registry) Jamie Jones (Head of Student Administration) 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	Number of exceptions					
	Control	P2 Effectiveness	P2 Design	P1 Effectiveness	P1 Design	Trend
Medium risk 	S1	6	-	-	-	↓
	S2	1	-	5	-	↑
	S3	7	-	4	-	↓
	S4	3	1	-	-	↓
	S5	2	1	8	-	↔
	S6	9	-	3	-	↓
	S7	-	-	1	-	↑
	S8	-	-	2	-	↑
	S9	4	-	1	-	↓
	S10	1	-	6	-	↑
	S11	1	-	-	-	↓
	S12	1	-	-	-	↓
	Total	35	2	30	0	↓

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 4.

2. Detailed findings

Key control	Exceptions* P2 – 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.	6	<p>Non-international students</p> <ul style="list-style-type: none"> In 4/25 cases, the student applied directly to colleges to gain entry to LSBU meaning there was no evidence to confirm that a criminal conviction check had been performed or that their grades had been achieved. <p>International students</p> <ul style="list-style-type: none"> In 2/25 cases, the student had not signed their immigration form. 	<p>Management response:</p> <ul style="list-style-type: none"> Non-international students: As part of the LSBU application process, applicants are asked to self-declare any criminal convictions. The applicants identified are part of the University's collaborative arrangements and study at partner colleges, not at LSBU. The application process is delegated to the partners who apply their own application and selection process whilst ensuring applicants meet any qualifications criteria to join the course. None of these courses are covered by the Disclosure and Barring Service (DBS) (formally known as criminal records bureau). Excluding courses covered by the DBS process, there is no requirement in our regulations for enrolled students to advise the University if they receive a criminal conviction. We will seek further advice on this area. International: The correct immigration information form was on file for both students however the forms had not been signed. The teams are aware that the signatures need to be checked properly for the September 15 intake. <p>Owner: Lisa Upton (Senior Assistant Registrar)</p>
S2 On enrolment a full ID check is performed and all required paperwork is obtained, reviewed and retained.	1	<ul style="list-style-type: none"> In 1/25 cases, the Enrolment Form did not record evidence that 2 forms of ID had been checked. However, we did confirm that 2 forms of ID were attached on the student's file. 	<p>Management response: Staff will be reminded to complete forms correctly.</p> <p>Owner: Lisa Upton (Senior Assistant Registrar)</p>
S3 Supporting documentation is obtained and retained to ensure Tier 4 requirements are met.	7	<ul style="list-style-type: none"> In 5/25 cases, there was no evidence of a TB check being performed. In 2/25 cases, there was no evidence of financial checks being performed. 	<p>Management response: For January entry, not all students were required to submit TB certificates this is dependent on where they are from. It is not a mandatory UKVI requirement for us to check this. For September 2015</p>

all students from TB regions will have their certificates checked and logged as an internal process requirement. There was an issue identified with the two financial checks as they were not filed properly in INVU. This has now been rectified.

Owner: Lisa Upton (Senior Assistant Registrar)

S4 Attendance reports are generated by schools to identify periods of non-attendance and are investigated.

3

School of Arts

- In 1/5 weeks tested, no action had been taken to follow up non-attendance (w/c 16/03/2015).
- For 2/5 weeks tested, the non-attendance reports were not issued in a timely manner. For weeks commencing 26/01/2015 and 09/02/2015, the emails were not issued until 27/02/2015.

School of Architecture

- *Control design issue noted, see Section 3.*

Management response:

As part of the process of supporting the new School Administration structure we will work with colleagues in this area to identify improvements in attendance monitoring and withdrawal procedures.

Owner: Jenny Laws (Head of Registry) and Jamie Jones (Head of Student Administration)

S5 Supporting evidence is obtained prior to processing any course changes or withdrawals.

2

- In 2/25 cases the Change of Course form had not been signed by the student.
- *Control design issue noted, see Section 3.*

Management response:

Update on actions agreed in management responses from last audit on this test:

1. A review of process documents on Registry handbook has been carried out.
2. Training sessions for each student administration office have been agreed and 1 training event has now taken place.
3. The results of the last quarter audit were discussed at Student Records.
4. We have arranged for the Fees & Bursary team to carry out a weekly spot check on the supporting evidence that should be in place from the student administration offices as part of entering the request to change course/ withdraw of students on the change system.

Owner: Lisa Upton (Senior Assistant Registrar)

<p>S6 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>9</p>	<ul style="list-style-type: none"> 1/25 Withdrawal Forms were not uploaded to InView. In 1/25 cases, a student had been withdrawn due to non-attendance however a copy of their withdrawal letter had not been uploaded to InView. 1/25 withdrawals was not performed on a timely basis (it took 32 days). In 6/25 cases the student had been withdrawn but subsequently had their withdrawal cancelled. No evidence had been uploaded to InView to confirm why the withdrawal had been cancelled. 	<p>Management response: Same as S5. It should be noted that the final bullet point regarding 6 cases of withdrawal does not relate to withdrawals that were processed on the student record system. It relates to requests being entered onto the change system by Student Administrators for action by the Fees and Bursary team. For each case there is a note in the log recording why the request to change was cancelled from the change system. This test needs to be refined for next audit to sample records where withdrawals have been processed on the student record system and ensure correct supporting evidence is in place.</p> <p>Owner: Lisa Upton (Senior Assistant Registrar)</p>
<p>S7 Exception reports are run to identify changes made to student module data and are investigated.</p>	<p>0</p>	<p>-</p>	<p>-</p>
<p>S8 Evidence is retained to support any changes.</p>	<p>0</p>	<p>-</p>	<p>-</p>
<p>S9 Non-conformance reports (NCRs) are generated and investigated.</p>	<p>4</p>	<ul style="list-style-type: none"> 3/5 NCRs had not been returned in a timely manner. These were raised on 26/11/2014, 18/12/2014 and 18/02/2015. The department issued reminders for these reports on 23/04/2015. 1/5 NCRs did not include a testing plan. 	<p>Management response: The Registry will produce a report each semester on the issues highlighted by the NCR's and implement actions to address the issues.</p> <p>Owner: Lisa Upton (Senior Assistant Registrar)</p>
<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.</p>	<p>1</p>	<ul style="list-style-type: none"> A new user form had not been completed for 1/20 new users. 	<p>Management response: The Registry has placed greater scrutiny on this process and will continue to monitor.</p> <p>Owner: Lisa Upton (Senior Assistant Registrar)</p>
<p>S11 Leavers are removed from the system on a timely basis.</p>	<p>1</p>	<ul style="list-style-type: none"> In 1/5 instances, IT had not confirmed that a leaver had been removed from the system. 	<p>Management response: The Registry will check directly on the student record system to confirm a leavers access has been removed.</p> <p>Owner: Jenny Laws (Head of Registry)</p>
<p>S12 Exception reports are run to monitor:</p> <ul style="list-style-type: none"> Students do not enrol Withdrawals, interruptions and instances where a 	<p>1</p>	<ul style="list-style-type: none"> In 1/25 instances, it was not possible to confirm that an email was sent to students who were included in the 'Visa expiry date' report for December 2014. 	<p>Management response: This is not a UKVI requirement, but an internal process. The report was not sent in December due to University closure dates. The report was sent in the months prior to and following</p>

- student finishes earlier than expected
- Significant changes of circumstances occur
 - Visa expiry dates are upcoming

December, so the student would have been contacted in two other months at least. We will ensure that December reports are run in 2015 prior to the closure dates.

Owner: Jenny Laws (Head of Registry)

* 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. Control design findings

1. S4 – Attendance Monitoring – School of Architecture

Finding

For our testing of S4, we confirmed that attendance reports are generated by Schools to identify periods of non-attendance and are investigated.

From discussion with the School of Architecture we established that an attendance report is produced by IT which is analysed to identify non-attendance. The School then calculates an average over the period to see which weeks students have not attended sessions and will send an e-mail to the students on this basis.

If the student continues to not attend sessions, they will be sent a letter or e-mail. If they do not reply within 5 days, the Course Director and Course Administrator is contacted to confirm if they are aware of any additional information to explain the non-attendance.

This process is not consistent with the process we have understood at other schools, where weekly attendance reports are generated to identify periods of non-attendance and are investigated on a weekly basis.

Risks

Inconsistent approaches to attendance monitoring could mean students receive different experiences at the University.

Action plan

Finding rating

Agreed action

Responsible person / title

Low Risk



As part of the process of supporting the new School Administration structure we will work with colleagues in this area to identify improvements in attendance monitoring and withdrawal procedures.

Jenny Laws (Head of Registry) and Jamie Jones (Head of Student Administration)

Target date:

30/09/2015

Reference number :

1

2. S5 – Session Code Changes

Finding

14/25 of our sample related to a session code change. This is not a change in course and does not impact fees paid. It does not require a change in course form and is normally completed by the Fees and Bursaries team following instructions from a Course Administrator.

However, there is no evidence to confirm that the change has been made following the request of the Course Administrator.

Risks

Without evidence or an audit trail to support changes made it is not possible to confirm if these changes were appropriate or performed correctly.

Action plan

<i>Finding rating</i>	<i>Agreed action</i>	<i>Responsible person / title</i>
<p>Low Risk</p> 	<p>We will ensure that supporting evidence for changes is retained.</p>	<p>Lisa Upton (Senior Assistant Registrar)</p> <p><i>Target date:</i></p> <p>With immediate effect</p> <p><i>Reference number:</i></p> <p>2</p>



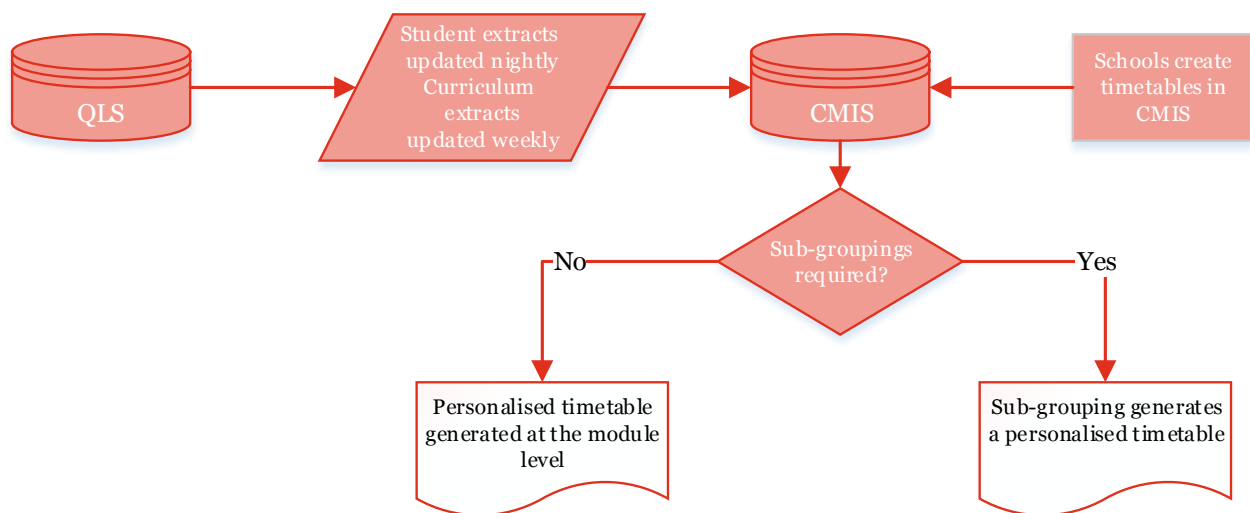
4. CAATs results

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: BAF_5_FOF Fundamentals of Finance, LAW_4_PEL Public and EU Law, DSS_4_ICT Introduction to Criminological Theory, HAP_6_002 Leadership, management and supervision and PSY_4_EPA Exploring Psychological Approaches.

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 relate 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. 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.

- Our analysis of this data identified 19 students over the 5 modules, who are enrolled on a module but are not in the QLS extract of students enrolled for these modules.

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. We found:

- 48 students are in subgrouping but are not in the enrolments for the module HAP_6_002 (Leadership, management and supervision).
- There are 6 students who are in a sub-grouping for module DSS_4 ICT (Introduction to Criminological Theory) but are not in the enrolments or the QLS extract for this module. There are 5 students who are enrolled for the module but who do not have a sub-grouping (4 of these students are also not in the QLS extract).
- There are 3 students who are in a sub-grouping for module LAW_4_PEL (Public and EU Law) but not in enrolments for this module. There are 17 students who are in a sub-grouping for module LAW_4_PEL but not in the enrolments or the QLS extract for this module.
- There is 1 student who is in the enrolment for module PSY_4_EPA (Exploring Psychological Approaches) but do not have a sub-grouping. There are 2 students who are in a sub-grouping for this module but are not in the enrolments for the module. There are also 17 students who are in a sub-grouping for module PSY_4_EPA but not in the enrolments or the QLS extract for this module.

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.

Test 4:

- 1 student is listed as fully enrolled in the course timetable for Psychology (1086) but does not appear in the QLS extract for this course.
- 1 student is listed as fully enrolled in the course timetable for Architecture (101) but does not appear in the QLS extract for this course.
- 11 students are listed as fully enrolled in the course timetable for Business Admin (670) but do not appear in the QLS extract for this course.
- 8 students are listed as fully enrolled in the course timetable for Law (4) but do not appear in the QLS extract for this course.
- 26 students are listed as fully enrolled in the course timetable for Adult Nursing (3975) but do not appear in the QLS extract for this course.

Test 5:

- 4 students are listed in the QLS extract for Psychology (1086) but are not affiliated to a course timetable.
- 5 students are listed in the QLS extract for Architecture (101) but are not affiliated to a course timetable.
- 22 students are listed in the QLS extract for Business Admin (670) but are not affiliated to a course timetable.
- 10 students are listed in the QLS extract for Law (4) but are not affiliated to a course timetable.

- 5 students are listed in the QLS extract for Adult Nursing (3975) but are not affiliated to a course timetable.

Test 6:

- 2 students were in the QLS extract for Psychology (1086) for fully enrolled students even though the course timetable data recorded that they had interruptions.
- 7 students were in the QLS extract for Architecture (101) for fully enrolled students even though the course timetable data recorded that they had interruptions.
- 4 students were in the QLS extract for Business Admin (670) for fully enrolled students even though the course timetable data recorded that they had interruptions.
- 5 students were in the QLS extract for Law (4) for fully enrolled students even though the course timetable data recorded that they had interruptions.
- 12 students were in the QLS extract for Adult Nursing (3975) for fully enrolled students even though the course timetable data recorded that they had interruptions.

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, Senior Assistant Registrar

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
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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>
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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 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
Janak Savjani	Continuous Auditing Technician	janak.savjani @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
Ralph Sanders	Director of Planning, Information and Reporting	Sanderr4@lsbu.ac.uk	Hold initial scoping meeting Review and meet to discuss issues arising and develop management responses and action plan
Andrew Ratajczak	Manager; Fees, Bursaries and Central Enrolment	ratajca@lsbu.ac.uk	
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	Senior Assistant Registrar	uptonl@lsbu.ac.uk	
Jenny Laws	Head of Registry	lawsjr@lsbu.ac.uk	Audit contact
Jamie Jones	Head of Student Administration	jamie.jones@lsbu.ac.uk	Audit contact
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
Enrolment					
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
	On enrolment a full ID check is performed and all required paperwork is obtained, reviewed and retained.	Multiple times daily	25	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:	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>Key contact: Lisa Upton</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 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>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.</p> <p>Key contacts: Neil Gillett and Nuria Prades</p>	<p>Multiple times daily</p>	<p>25</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 	<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
				<ul style="list-style-type: none"> Where the student’s course requires an ATAS clearance certificate, a copy of the certificate or electronic approval notice from the Foreign and Commonwealth Office has been retained 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 	
Accuracy of student record data					
<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>Jamie Jones, Head of Student Administration</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</i></p>	Ad hoc	2	<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. 	S4

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><i>Sciences (not Psychology students); School of Engineering</i></p> <p>Tania Perez and Jamie Jones</p>				
Course changes are not identified on a timely basis this could affect fee income.	<p>Supporting evidence is obtained prior to processing any course changes or withdrawals.</p> <p>Key contact: Andrew Ratajczak</p>	Multiple times daily	25	<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> <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>	S5
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>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
Student module data is inaccurate or incomplete, undermining the reliability of data.	<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 	S7

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
				discussed at periodic meetings <ul style="list-style-type: none"> • Actions have been taken to interrogate and resolve exceptions 	
	Evidence is retained to support any changes. Key contact: Lisa Upton	Ad hoc	5 - 25	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.	S8
	Non-conformance reports (NCRs) are generated and investigated. Key contact: Lisa Upton	Ad hoc	5 - 25	We will select a sample of months to confirm that NCRs have been generated in this period. 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.	S9
System Access					
Users have unauthorised access and can make inappropriate amendments to student records which could compromise the validity, accuracy and completeness of student data.	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. Key contact: Lisa Upton	Ad hoc	5 -25	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: <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
	Leavers are removed from the system on a timely basis. Key contact: Lisa Upton	Ad hoc	5 -25	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.	S11

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
Management Information					
<p>Inadequate management information over Tier 4 students could mean that the university is not compliant with requirements.</p>	<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 Nuria Prades</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>	<p>S12</p>

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

- BAF_5_FOF Fundamentals of Finance,
- LAW_4_PEL Public and EU Law
- DSS_4_ICT Introduction to Criminological Theory
- HAP_6_002 Leadership, management and supervision
- PSY_4_EPA Exploring Psychological Approaches

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.

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London South Bank University

PAPER NO: AC.23(15)

Paper title:	Draft Internal Audit Plan – 2015/16
Board/Committee	Audit Committee
Date of meeting:	4 th June 2015
Author:	PriceWaterhouseCoopers
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide a draft internal audit plan for the 15/16 academic year for consideration by Audit Committee.

Executive Summary	
Context	<p>The attached plan details the planned internal audit activity by PWC during the 15/16 academic year.</p> <p>The plan continues with a widened Continuous Audit programme which incorporates student data on an ongoing basis, and on top of testing and assurance around the matters required by the Hefce Memorandum of Assurance and Accountability, there has been specific inclusion of planned audit activity around Project management and HR matters.</p>
Question	Is audit committee content with the proposed internal audit plan for 15/16?
Conclusion & Recommendation	<p>The Executive recommends that Committee:</p> <ul style="list-style-type: none"> Note the draft plan, which will be discussed further by the Executive and presented in September for final approval.

Matter previously considered by:		
Further approval required?		

Internal Audit Risk Assessment and Plan 2015/16

DRAFT

London South Bank
University

June 2015

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Distribution List

For action	Audit Committee Members Richard Flatman – Executive Director of Finance
For information	James Stevenson – University Secretary to the Clerk of the Board of Governors

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.

1. Introduction and approach

Introduction

This document sets out our risk assessment and our 2015/16 Internal Audit Risk Assessment and Plan (the Internal Audit Plan) for London South Bank University.

Approach

A summary of our approach to undertaking the risk assessment and preparing the Internal Audit Plan is set out below. The Internal Audit Plan is driven by London South Bank University's organisational objectives and priorities and the risks that may prevent London South Bank University from meeting those objectives. A more detailed description of our approach can be found in Appendix 1 and 2.



Basis of our plan

We have budgeted 125 days for our 2015/16 Internal Audit Plan. In our view, these are the minimum number of days required to support our Annual Audit Opinion.

As the Internal Audit Plan has been limited to 125 days, it does not claim to address all key risks identified across the audit universe as part of the risk assessment process. The level of internal audit activity represents a deployment of limited internal audit resources and in approving the Internal Audit Plan the Audit Committee recognises this limitation.

Basis of our annual internal audit conclusion

Internal audit work will be 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.

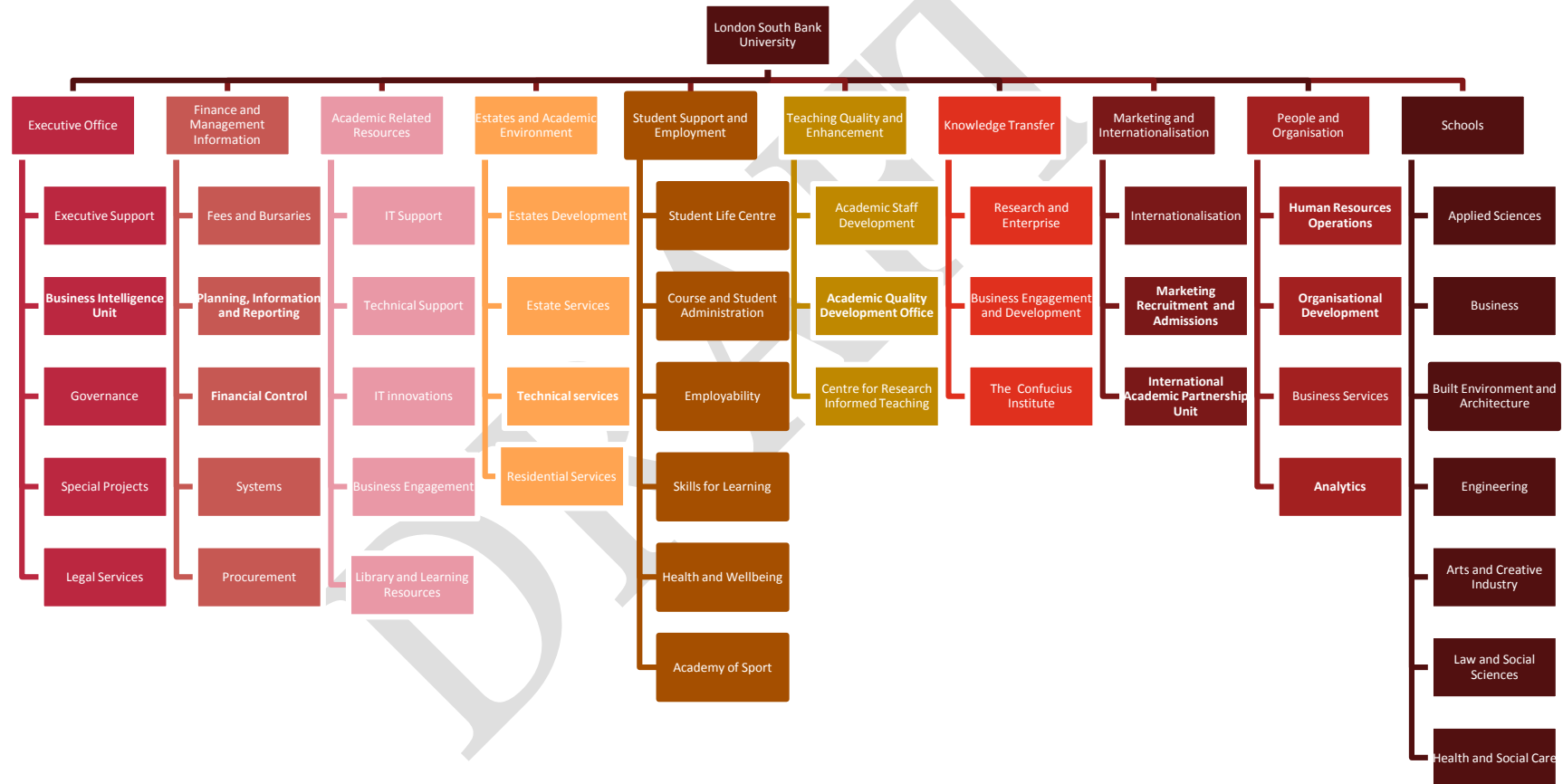
Our annual internal audit opinion will be based on and limited to the internal audits we have completed over the year and the control objectives agreed for each individual internal audit.

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2. Audit universe, corporate objectives and risks

Audit universe

The diagram below represents the auditable units within the audit universe of London South Bank University and form the basis of the Internal Audit Plan.



Corporate objectives and risks

Corporate level objectives and risks have been determined by London South Bank University. We have outlined all high risks from the corporate risk register within Appendix 3 and have considered these when preparing the Internal Audit Plan.

3. *Internal Audit Plan and indicative timeline*

HEFCE Requirements

The HEFCE Audit Code of Practice within the HEFCE MAA does not include guidance on the practice of internal audit but does endorse the approach set out in the Code of Ethics and International Standards (January 2009) of the Institute of Internal Auditors (IIA).

The HEFCE Audit Code of Practice requires Internal Audit to provide the governing body, the designated officer and other managers within the University with assurance on the adequacy and effectiveness of risk management, control and governance arrangements. This supports the requirement for Higher Education Institutions (HEIs) to have effective arrangements in place over these three key areas.

We are also required to include in our annual report an opinion over your arrangements for securing economy, efficiency and effectiveness (value for money).

The Audit Committee is also required to include a conclusion on data quality arrangements as part of its annual report. Whilst this is not mandated for internal audit coverage in the HEFCE Audit Code of Practice, management of HEIs typically ask us to cover this area to support the assurances underpinning the Audit Committee's annual report.

Based on this we see five minimum requirements for internal audit work in order to meet the minimum HEFCE compliance requirements within the HEFCE Audit Code of Practice as shown in this diagram.



Key Priorities

In line with the HEFCE Audit Code of Practice, internal audit plans should be reviewed on a regular basis to ensure that the internal audit services provided continue to reflect the changing needs and priorities of the HEI. With our knowledge of London South Bank University and the way it operates we have identified the following current priorities and have produced our 2015/16 plan to reflect these priorities.

Data Quality

Robust reporting is essential to the activity of all HEIs, with the need to report externally as well as making appropriate internal management decisions. The HEFCE Audit Code of Practice includes guidance on assurances sought from designated officers and Audit Committees around the management and quality assurance arrangements for data submitted to the Higher Education Statistics Agency (HESA), HEFCE and other funding bodies.

The Audit Committee's annual report must include an opinion on the adequacy and effectiveness of arrangements for the management and quality assurance of these data submissions.

Our 15/16 plan includes continuous auditing of key student data controls and will provide additional oversight of the design and effectiveness of controls over data quality.

Risk Management and Governance

The Audit Committee needs assurance that the risks facing London South Bank University are being managed properly. We will perform a review of risk management in 2015/16 and consider governance arrangements as part of all our internal audits.

Financial Systems Key Controls

We will continue to perform continuous auditing of key financial systems. Continuous auditing is the process of ongoing testing of key controls on a regular basis throughout the year, to assess whether they are operating effectively and to flag areas and report transactions that appear to circumvent control parameters. We will apply this approach to payroll, accounts receivable, accounts payable, cash and general ledger.

Value for Money

The HEFCE Audit Code of Practice makes reference to the fact that in the Higher Education sector there is an underlying duty of care to ensure that public funds are spent on the purposes for which they are intended, and that good value for money is sought. This duty is included as a condition of grant in the HEFCE Financial Memorandum between the Department for Education (DfE) and HEFCE. Value for money may be considered in two ways;

- Considering value for money in each of the systems examined; or
- Conducting specific, more detailed, reviews of key areas where there is seen to be an opportunity for significant improvement.

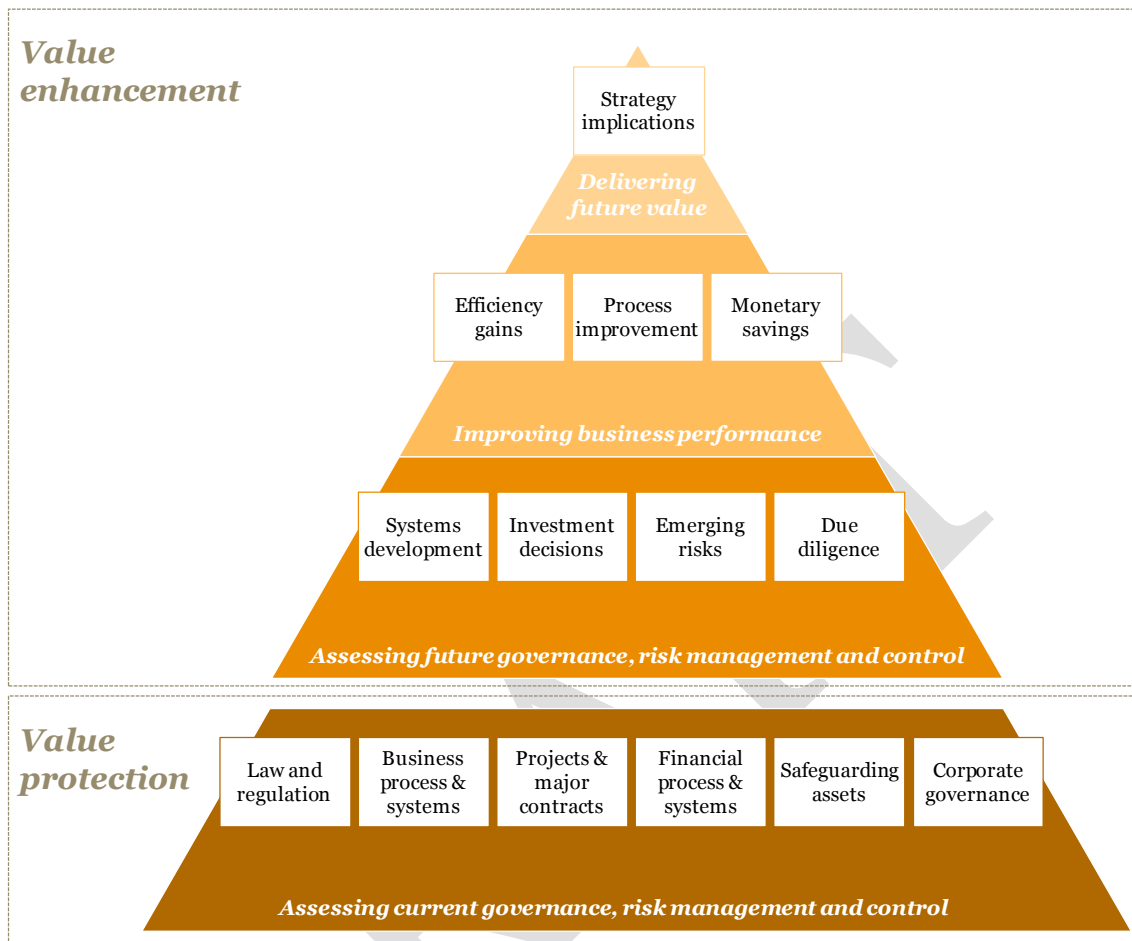
We are required to include an opinion on the adequacy and effectiveness of London South Bank University's value for money arrangements (not results, outputs or achievement) in our annual internal audit report to the Audit Committee, governing body and designated officer. A review of value for money arrangements will be performed in 2015/16.

Follow Up Reviews

The purpose of follow up of internal audit recommendations is to reinforce the importance of controls within the Institution, and provides updated information about whether important risks have been properly dealt with through remedial control actions. We will continue to perform follow up work in 2015/16 and report progress through to the Audit Committee.

Delivering value through our approach

Our approach focuses on two types of review, Value Protection and Value Enhancement. The nature of Value Protection and Value Enhancement is summarised below:



Value Protection

Value Protection provides a review of your current governance, risk management and control arrangements, which constitutes a traditional controls assurance methodology. You need assurance on your core systems and we have included necessary core system reviews in the plan. We will communicate risk areas and issues identified from our work so that our approach is co-ordinated to address risks identified.

Value Enhancement

Value Enhancement is focused on assessing future risks, such as looking at your new projects / systems and improving your performance, by, for example, identifying opportunities for efficiency gains, saving money and improving quality. Internal audit provides a valuable role in improving business performance and delivering future value. We will use our broader specialist skills and experience to help London South Bank University to achieve its aims and objectives.

Risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix 1 and 2. The results are summarised in the table below.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
A	Executive Office						
A.1	Governance	5	3	4	●	Annual	We will test that there are appropriate governance arrangements in place in all of our reviews.
A.2	Legal Services	4	4	2	●	Every three years	We reviewed OIA procedures in 2013/14. No internal audit due until 2016/17.
A.3	Special Projects	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
A.4	Executive Support	2	3	N/a	N/a	N/a	No particular risks identified as part of planning.
A.5	Business Intelligence Unit	6	5	4	●	Annual	Data Quality will be tested during 2015/16.
B	Finance and Management Information						
B.1	Planning Information and Reporting	6	4	4	●	Annual	Risk management and value for money arrangements will be covered every year. Project management key controls will also be tested during 2015/16.
B.2	Financial Control	5	3	4	●	Annual	Continuous auditing on key financial systems each year (payroll, accounts payable, account receivable, general ledger and cash).
B.3	Fees and Bursaries	5	3	4	●	Annual	Continuous auditing on key student data controls each year.
B.4	Procurement	4	3	3	●	Every two years	No internal audit due until 2016/17. However, we have not reviewed Contract Management since 2010/11 and could also potentially use computer assisted audit techniques to identify duplicate payments and/or suppliers. We have included this as a potential review which management and the Audit Committee may wish to consider for inclusion in the 2015/16 plan in Section 4.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
B.5	Systems	5	5	3	●	Every two years	No internal audit due until 2016/17. However, elements of Agresso controls are tested as part of our continuous auditing programme.
C	People and Organisation						
C.1	Human Resources Operations (HR)	5	3	4	●	Annual	A review of HR will be included in the 2015/16 plan. The scope of the review will be determined during scoping in Q2.
C.2	Organisational Development	5	3	4	●	Annual	
C.3	Analytics	5	5	3	●	Every two years	No internal audit due until 2016/17.
C.4	Business Services	5	4	3	●	Every two years	No internal audit due until 2016/17. However, we have not reviewed Health and Safety since 2010/11; we have included this as a potential review which management and the Audit Committee may wish to consider for inclusion in the 2015/16 plan in Section 4.
D	Marketing and Internationalisation						
D.1	Marketing recruitment and admissions	5	3	4	●	Annual	The admissions process is covered by student data continuous auditing every year.
D.2	International Academic Partnership Unit	5	3	4	●	Annual	As the Internal Audit Plan has been limited to 125 days, it does not claim to address all key risks identified across the audit universe as part of the risk assessment process, therefore although our Risk Assessment suggests that audits of the International Academic Partnership Unit and Internationalisation are due in 2015/16 we have not included these in our proposed plan. We have included these as potential reviews which management and the Audit Committee may wish to consider for inclusion in the 2015/16 plan in Section 4.
D.3	Internationalisation	5	3	4	●	Annual	
E	Knowledge Transfer						
E.1	Research and Enterprise	3	3	2	●	Every three years	No internal audit due until 2017/18.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
E.2	Business Engagement and Development	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
E.3	The Confucius Institute	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
F	Teaching Quality and Enhancement						
F.1	Academic Quality Development Office	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16. However, we have identified that Partnerships and Collaborations as an area which management and the Audit Committee may wish to consider for inclusion in the 2015/16 plan in Section 4.
F.2	Academic Staff Development	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
F.3	Centre for Research Informed Training	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
G	Academic Related Resources						
G.1	IT Support	5	3	4	●	Annual	We have included a review of Information Security in 2015/16. However, given HE-wide risks concerning IT and its impact on the student experience, we have included some potential IT reviews (including IT general controls and Cyber Security) which management and the Audit Committee may wish to consider for inclusion in the 2015/16 plan in Section 4.
G.2	Library and Learning Resources	4	2	3	●	Every two years	No internal audit due until 2016/17.
G.3	Technical Support	4	2	3	●	Every two years	No internal audit due until 2016/17. However, given HE-wide risks concerning IT and its impact on the student experience, we have included some potential IT reviews (including IT infrastructure and Migration) which management and the Audit Committee may wish to consider for inclusion in the 2015/16 plan in Section 4.
G.4	IT Innovations	4	2	3	●	Every two years	No internal audit due until 2016/17.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
G.5	Business Engagement	3	3	2	●	Every three years	No internal audit due until 2017/18. Some elements of Benefits Realisation Management may be tested as part of our review of Project Management in 2015/16.
H	Estates and Academic Environment						
H.1	Estates Development	5	4	3	●	Every two years	No internal audit due until 2016/17.
H.2	Technical Services	3	3	2	●	Every three years	No internal audit due until 2017/18.
H.3	Estates Services	3	3	2	●	Every three years	No internal audit due until 2017/18.
H.4	Residential Services	3	4	N/a	N/a	N/a	No particular risks identified as part of planning.
I	Student Support and Employment						
I.1	Student Life Centre	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
I.2	Course and Student Administration	5	3	4	●	Annual	Student attendance is covered by student data continuous auditing every year.
I.3	Employability	3	3	2	●	Every three years	No internal audit due until 2017/18.
I.4	Skills for Learning	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
I.5	Health and Wellbeing	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
I.6	Academy of Sport	2	2	1	●	N/a	Assessed as lower risk. No internal audit planned for 2015/16.
J	Schools						
J.1	Applied Sciences	5	3	4	●	Annual	Elements of controls operated by Schools are picked up through our continuous auditing programme of key financial systems and student data.
J.2	Business	5	3	4	●	Annual	
J.3	Built Environment and Architecture	5	3	4	●	Annual	
J.4	Engineering	5	3	4	●	Annual	

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Colour code	Frequency	Comments
J.5	Law and Social Sciences	5	3	4	●	Annual	
J.6	Health and Social Care	5	3	4	●	Annual	

Key to frequency of audit work

Audit Requirement Rating	Frequency – PwC standard approach	Colour Code
6	Annual	●
5	Annual	●
4	Annual	●
3	Every two years	●
2	Every three years	●
1	No further work	●

4. Annual plan and internal audit performance

Annual plan and indicative timeline

The following table sets out the internal audit work planned for 2015/16, with indicative start dates for each audit.

Ref	Auditable Unit	Indicative number of audit days	2015/16				Comments
			Q1	Q2	Q3	Q4	
A	Executive Office						
A.5	Management Information: Data Quality	10		✓			This will consider the data quality process and triangulation of information sets.
B	Finance and Management Information						
B.1	Risk Management	5				✓	<ul style="list-style-type: none"> • Policies and Procedures • Reporting and Monitoring of risk • Risk Identification • Embedding Risk Management
B.1	Value for Money	5				✓	HEFCE requirement. We will also consider value for money arrangements on other reviews performed.
B.1	Project Management	10			✓		Key project and programme management controls to be incorporated within continuous auditing.
B.2	Continuous Auditing – Financial Controls	30	✓		✓		We will review controls in the following areas: <ul style="list-style-type: none"> • General Ledger • Cash • Accounts Payable • Accounts Receivable • Payroll
B.3	Continuous Auditing – Student Data	30		✓	✓		Rolling cycle of reviews of key controls over student data. To also include compliance checks with UKVI.
C	People and Organisation						
C.1	HR	10		✓			A review of HR processes.
G	Academic Related Resources						
G.1	Information Security	10				✓	Review of information security arrangements in place.

Z	Audit Project Management						
Z.1	Planning and Management	10	✓	✓	✓	✓	
Z.2	Follow Up	5	✓	✓	✓	✓	
	Total Days	125					

Suggested areas where further assurance from Internal Audit may be required:

From our work undertaken during 2014/15 and discussions with management, there are additional reviews that we believe management and the Audit Committee need to consider for inclusion in the 2015/16 plan in addition to the core days on the previous page. These include:

- Student expectations are much greater in response to rises in fees, and students expect to be able to interact with London South Bank University in a modern and efficient way. You are investing on your information systems but opportunities could be missed if the IT platform doesn't enable you to meet your outcomes or comply with your financial control requirements. The impact of a failure related to data loss, system failure, lack of business continuity, system and information breach for example is huge, not only operationally, but reputationally and financially. We have previously reviewed Business Continuity, Information Security and performed two Phishing exercises. We have included a review of Information Security in 2015/16 as this has been a recurring high risk area for the University however, we have access to a large and diverse group of IT specialists which we could utilise elsewhere for example: **IT general controls, cyber security, IT infrastructure** and/or **IT migration**.
- London South Bank University is operating in a 'crowded market' that is no longer restricted to UK based institutions. Your competition is global and your strategy needs to reflect this. Your strategy is critical to ensuring you must have unique 'USP's that make you stand out as a place to study so that London South Bank is differentiated as a provider. We can help provide critical friend support of **business plans** and **financial analysis**. We can also challenge robustness of business plans, appropriateness of underlying assumptions, as well as broader commercial considerations around how to structure the transaction.
- Institutions are continuing to invest in overseas activities, either through recruiting international students, investing in overseas campuses or branches or alternative forms of transnational education. We could:
 - Review your **internationalisation strategy**, including key assumptions and overall oversight;
 - A review of **partnership arrangements**, to ensure that these have been subject to appropriate levels of due diligence, risk management and ongoing oversight.
- The Home Office continues to enforce its compliance regime for Tier 4 students and Tier 2 staff. Our student data continuous audit provides ongoing assurance over attendance monitoring, reporting processes and compliance with acceptance criteria for Tier 4 students. However, due to the number of changes to processes we would recommend our Legal team perform a review of overall **Tier 4 and Tier 2 procedures** to assess that these are designed appropriately and comply with Home Office guidance. We would also suggest some testing of **Tier 2 controls** to confirm these are operating effectively.
- We have not reviewed contract management managements since 2010/11 and would suggest we perform a review of **contract management arrangements** to ensure they are in line with good practice and assure value for money. We could also perform a **contract deep dive**, for example your IBM contract to ensure that key contract terms and conditions are complied with.
- **Computer assisted audit techniques (CAATS)** –We can use CAATS to query and analyse data from business systems. This provides a strong mechanism for improving business insight and developing recommendations for ways to improve governance, risk management, compliance and cost management. Automated audit tests can be designed to address most transactional risks, including those associated with regulatory and financial risk. Some examples which may be beneficial include:

- Accounts payable, purchase cards and staff expenses audits looking for: duplicate payments; multiple suppliers providing the same product or service; and abuse of expense policy;
- Payroll; and
- Revenue mapping.
- Our last review of Human Resources was in 2010/11 when we reviewed payments to hourly paid lecturers. We would recommend that we perform a review of **staff performance management** given this auditable unit has not had an audit review for four years.
- Our last review of **Health and Safety** was in 2010/11. We would recommend we perform a review of compliance with Health and Safety to ensure that controls are appropriately designed and robust.
- We would also recommend a review of your **anti-fraud arrangements** given the nature of the risks associated with this area. We have a diagnostic tool that we can use to identify the areas of higher fraud risk and an assessment of the controls in place to mitigate these threats
- **FRS102 implementation** review.

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Appendix 1: Detailed methodology

Step 1 - Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

- Reviewed your strategy, organisational structure and corporate risk register;
- Drawn on our knowledge of the Higher Education Sector; and
- Met with a number of members of senior management.

Step 2 - Define the Audit Universe

In order that the internal audit plan reflects your management and operating structure we have identified the audit universe for London South Bank University made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

Step 3 - Assess the inherent risk

The internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise. The criteria used to rate impact and likelihood are recorded in Appendix 2.

The inherent risk assessment is determined by:

- Mapping the corporate risks to the auditable units;
- Our knowledge of your business and its Higher Education Sector; and
- Discussions with management.

Impact Rating	Likelihood Rating					
	6	5	4	3	2	1
6	6	6	5	5	4	4
5	6	5	5	4	4	3
4	5	5	4	4	3	3
3	5	4	4	3	3	2
2	4	4	3	3	2	2
1	4	3	3	2	2	1

Step 4 - Assess the strength of the control environment

In order to effectively allocate internal audit resources we also need to understand the strength of the control environment within each auditable unit. This is assessed based on:

- Our knowledge of your internal control environment;
- Information obtained from other assurance providers; and
- The outcomes of previous internal audits.

Step 5 -Calculate the audit requirement rating

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas with high reliance on controls or a high residual risk.

Inherent Risk Rating	Control design indicator					
	1	2	3	4	5	6
6	6	5	5	4	4	3
5	5	4	4	3	3	n/a
4	4	3	3	2	n/a	n/a
3	3	2	2	n/a	n/a	n/a
2	2	1	n/a	n/a	n/a	n/a
1	1	n/a	n/a	n/a	n/a	n/a

Step 6 -Determine the audit plan

Your risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

In some cases it may be possible to isolate the sub-process (es) within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating be subject to reduced frequency of audit work. These sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

Step 7 -Other considerations

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

Appendix 2: Risk assessment criteria

Determination of Inherent Risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

<i>Impact rating</i>	<i>Assessment rationale</i>
6	Critical impact on operational performance; or Critical monetary or financial statement impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation or brand of the organisation which could threaten its future viability.
5	Significant impact on operational performance; or Significant monetary or financial statement impact; or Significant breach in laws and regulations resulting in large fines and consequences; or Significant impact on the reputation or brand of the organisation.
4	Major impact on operational performance; or Major monetary or financial statement impact ; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the organisation.
3	Moderate impact on the organisation's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the organisation.
2	Minor impact on the organisation's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the organisation.
1	Insignificant impact on the organisation's operational performance ; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the organisation.

<i>Likelihood rating</i>	<i>Assessment rationale</i>
6	Has occurred or probable in the near future
5	Possible in the next 12 months
4	Possible in the next 1-2 years
3	Possible in the medium term (2-5 years)
2	Possible in the long term (5-10 years)
1	Unlikely in the foreseeable future

Appendix 3: Mapping the risk register to the Internal Audit Plan in 2015/16

Risk	Mapping to the Internal Audit Plan
Effectiveness of delivery impaired as Institution goes through the restructuring process.	We have included days to review Project Management arrangements in our 2015/16 Internal Audit Plan.
Failure to position the University to effectively respond to changes in government policy and the competitive landscape.	We have included a review of risk management arrangements in 2015/16. We have also included time to perform some work over Project Management arrangements.
Management Information is not meaningful, is unreliable or does not triangulate for internal decision or external reporting.	We have included a review of Management Information: Data Quality as part of our 2015/16 Internal Audit Plan. Our continuous auditing programmes will also provide comfort over the robustness and data quality underpinning key financial systems and student data. We have also included time to perform work over project and programme management which could include a review of the Quality of Management Information Project.
Data is not used/maintained security.	We have included a review of Data Security as part of our 2015/16 Internal Audit Plan.
Low staff engagement impacts performance negatively.	We have not included a specific review of this in the 2015/16 Internal Audit Plan. We could potentially consider how staff engagement is being captured as part of our review of Management Information: Data Quality or as part of our review of Project Management arrangements.
Increasing pension deficit.	We have not included any specific reviews of the pension deficit in the plan but we have pension expertise within PwC that would enable us to assist management in this area if required. We would recommend that London South Bank University perform an FRS 102 impact assessment to identify the impact of new reporting standards.
Potential loss of NHS contract income.	We have not included any specific reviews of this in our Internal Audit Plan. We could consider this as part of our suggested review of contract management arrangements in 2014/15 if requested by management.
Income growth from R&E not realised.	No specific reviews included for 2015/16.

Appendix 4: Summary of audit programme 2010 - 2014

The table below summarises the coverage of our internal audit work programme between 2010 and 2014.

System	2010/11 Days	2011/12 Days	2012/13 Days	2013/14 Days	2014/15 Days
Financial Systems					
Financial Systems Key Control Reviews including continuous auditing	45	43	43	50	40
Payments to Hourly Paid Lecturers	10	0	0	0	0
Payroll Implementation	0	0	7	12	0
Payroll Follow Up	0	0	4	0	0
Financial Forecasting	0	0	5	0	0
Funding arrangements for Confucius Institute	10	0	0	0	0
<i>Sub Total</i>	<i>65</i>	<i>43</i>	<i>59</i>	<i>62</i>	<i>40</i>
Operational Systems					
Health and Safety	10	0	0	0	0
Student Residences	0	7	0	0	0
Research	0	10	0	0	0
Data Quality – rolling programme of reviews:					
2011/12 – HESA Staff Return	0	5	0	0	0
2012/13 – Key Information Set	0	0	10	0	0
2013/14 – HESA Finance Return	0	0	0	10	0
Student Data Continuous Auditing	0	0	0	0	30
Management of Representative Partners for International Students	0	5	0	0	0
Enterprise	0	0	10	0	0
Bribery Act 2010	0	5	0	0	0
IT Security Arrangements	0	0	15	0	10
Review of Capital Programme	0	0	8	0	0
Delegated Authority arrangements	0	10	0	0	0
TRAC Review	0	0	3	0	0
Management of Fraud Risk	0	0	5	0	0
Change Programme	0	0	0	0	15

Contract Management	10	0	0	0	0
Business Continuity	0	0	0	10	0
Student Module Data	0	0	0	5	0
Extenuating Circumstances, Academic Appeals & other processes that could result in a student complaint to the OIA	0	0	0	16	0
<i>Sub Total</i>	<i>20</i>	<i>42</i>	<i>51</i>	<i>31</i>	<i>55</i>
Risk and Governance-Based Reviews					
Risk Management	2	13	2	5	10
<i>Sub Total</i>	<i>2</i>	<i>13</i>	<i>2</i>	<i>5</i>	<i>10</i>
Value for Money					
<i>Value for Money Arrangements</i>	<i>10</i>	<i>2</i>	<i>2</i>	<i>5</i>	<i>5</i>
Other					
<i>Follow Up</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>	<i>5</i>
<i>Planning, Management and Reporting</i>	<i>9</i>	<i>9</i>	<i>9</i>	<i>10</i>	<i>10</i>
<i>Review of Financial Regulations</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total	112	114	128	128	125

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	PAPER NO: AC.24(15)
Paper title:	Corporate Risk Register
Board/Committee	Audit Committee
Date of meeting:	4 th June 2015
Author:	John Baker – Corporate & Business Planning Manager
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To present the corporate risk register as a record of the university's exposure to significant risks and the action being taken in response to these.

Executive Summary	
Context	<i>Strategy 2015-2020</i>
Questions	Is Audit Committee content with the recording of Corporate Risk Management within the Register? Are the ratings appropriate?
Conclusion & Recommendation	Note: <ul style="list-style-type: none"> • the risks and their ratings, • the allocation of risks to corporate objectives

Matter previously considered by:	Operations Board	On: 19 th May
Further approval required?		

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

Date: 8th May 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 not engaged with technological and pedagogic developments (SW) 457: Anticipated international student revenue unrealised (PI)	458: Punitive measure or reputation damage from CONTEST strategy (IM)	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 unlikely to occur</i>		
	Residual Likelihood			
Executive Risk Spread: VC – 3, DVC – 0, CFO – 3, PVC-S&E – 1, PVC-R&EE – 3, COO – 2, PVC/Health – 1, ExD-HR – 0, US - 0				

Changes since presentation at April Operations Board meeting, and overdue action updates detailed below:

Reference	Risk title	Changes made
Goal 3: Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise		
398 (SW)	Academic programmes not engaged with technology or pedagogic dev.	
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	New actions added, and Cause and Effect re-written.
Goal 5: Access to Opportunity - Access: Work with local partners to recruit, engage and retain students with the potential to succeed.		
458 (IM)	Liability related to CONTEST counter terrorism strategy	
Goal 6: Access to Opportunity - Internationalisation: Developing a multicultural community of students & staff through alliances & partnerships.		
457 (PI)	International student revenue unrealised	
Goal 7: Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.		
1 (DP)	Response to environmental change & reputation	Reputation dashboard action progress note: Delay in production of Communications Dashboard as online monitoring and sentiment analysis tool is procured. Expected to start monthly dashboard reporting by mid-May
362 (DP)	Staff Engagement	Change Stakeholder Network action progress note: 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.
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)	Home & EU Recruitment & income targets	
3 (RF)	Pensions deficit	
6 (RF)	Quality and availability of Management Information	
14 (WT)	Loss of NHS income	
37 (RF)	Estates strategy £ impact	Student Centre negotiations action progress note: Programming expert engaged to adjudicate on the decisions taken in respect of the refused extension of time claim & met with Mansell to agree a final account by March 2015. We are now awaiting a response from Mansell.
305 (IM)	Data Security	

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
398	<p>Academic programmes do not remain engaged with technological and pedagogic developments which support students and promote progression and achievement</p> <p>Risk Owner: Shan Wareing</p> <p>Last Updated: 14/04/2015</p>	<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>	<p>2 3 Medium</p>	<p>Delivery of the 6 strand objectives of the Teaching Enhanced Learning Strategy (TEL) through Academic Board and related committees.</p> <ol style="list-style-type: none"> Promote active learning methods that go beyond a 'filling cabinet' VLE use; Promote electronic submission, assessment and feedback; Promote staff development focused towards developing effective and technology enhanced learner-centred approaches to curriculum design, learning and assessment; Identify common technologies and develop information repositories; Actively engage students in further VLE development Evaluate the use of technology in support of learning. 	<p>2 2 Medium</p>	<p>Actively pursue the long term objectives of the TEL strategy through Academic Board.</p> <p>Person Responsible: Shan Wareing</p> <p>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</p> <p>To be implemented by: 31/07/2015</p> <hr/> <p>Actively explore the re-introduction of the annual educational staff conference, in conjunction with the incoming PVC-Students & Experience.</p> <p>Person Responsible: Pat Bailey</p> <p>To be implemented by: 30/06/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
402	Income growth expected from greater research and enterprise activity does not materialise Risk Owner: Paul Ivey Last Updated: 06/05/2015	<p>Cause & Effect: Cause:</p> <p>1)Universities are generally seeking to expand and diversify income across research and enterprise, increasing their resource competing for the same opportunities and funders, and creating a competitive and challenging market environment with rising standards.</p> <p>2)LSBU has a recent track record of projecting then failing to deliver increased enterprise income, and lacks proven forecasting systems.</p> <p>3)This is an aggressive and complex turnaround reversing a weakening LSBU income trend and as such there is an intrinsic higher risk. In terms of risk the dependence on HSC CPPD income which forms around half of enterprise income should be highlighted.</p> <p>4)New academic and professional service function structures fail to entice and encourage academic participation in activity.</p> <p>5)Limitations of academic capacity and capability are slow to be rectified, and there is internal competition for staff time seeking participation on a range of newly invigorated LSBU activities over and above teaching. This leads to an inability to align academic resource with identified market opportunities.</p>	3 2 High	<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>	3 1 Medium	<p>Establish two-tier robust forecasting and reporting systems for R&E covering in-budget year and longer time horizon, working with Finance, Schools and REI staff.</p> <p>Person Responsible: Gurpreet Jagpal To be implemented by: 31/07/2015</p> <hr/> <p>Formal academic R&E engagement plan, with sub-sections by Schools and Enterprise Institute. Include establishment of baseline measures including academic activity and LSBU ability to service identified leads and opportunities. Work with Organisational Development as required.</p> <p>Person Responsible: Gurpreet Jagpal To be implemented by: 30/09/2015</p> <hr/> <p>Develop formal process by which the KPI and PI that drive R&E performance are reviewed routinely by the institution. Establish baseline performance for 2014-15 and implement up to date capture processes from the new financial year.</p> <p>Person Responsible: Gurpreet Jagpal To be implemented by: 31/07/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
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Effect:

- 1)Income growth expectations of the 5 year forecast are unrealised.
- 2)The risk of an undiversified enterprise portfolio remains high as lack of growth means the dependency on HSC and CPD overall remains high.
- 3)This reduced income is accompanied by lower financial contribution as we source an increased proportion of delivery outside our academic staff.
- 4)Increased dependency on generating enterprise opportunities via PSG outreach as opposed to an academic-led stream, results in higher opex costs.
- 5)The holistic benefits for teaching and the student experience from increased external engagement, and in particular from the new types of income projected i.e. applied research, consultancy, KE as opposed to CPD are reduced.
- 6)Pressure on research funding opportunities not only reduces income but the proportion of staff resource diverted to winning new funding is significantly increased.
- 7)Reduced research income has a widespread effect and adversely affects the research environment, publications, evidence of impact, student completions, and ultimately LSBU achievement at the next REF.

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
458	<p>Punitive measure or reputation damage from emerging duties of Home Office CONTEST counter terrorism strategy</p> <p>Risk Owner: Ian Mehrtens</p> <p>Last Updated: 11/03/2015</p>	<p>Cause & Effect:</p> <p>Cause: As 'Prevent Strategy' consultation is likely to become law soon, LSBU could be at risk of not discharging these new duties for public bodies. Students become involved in radicalisation or violent extremism.</p> <p>Effect: Damage to reputation if circumstances did not preclude LSBU from connection with radicalisation journey. Unknown penalty for failure to discharge new responsibility.</p>	<p>2 2</p> <p>Medium</p>	<p>Risk Assessment completed and reviewed regularly with 'Prevent Co-ordinators' from Home Office</p>	<p>2 1</p> <p>Low</p>	<p>Develop action plan to address issues arising out of risk assessment, to be agreed by Operations Board</p> <p>Person Responsible: Edward Spacey</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
457	Anticipated international student revenue unrealised Risk Owner: Paul Ivey Last Updated: 17/04/2015	<p>Cause & Effect: Cause: UK government process / policy changes. Restriction on current highly trusted sponsor status. Issues connected with english language test evidence.</p> <p>Effect: LSBU unable to organise visas for students who wish to study here. International students diverted to other markets. Expected income from overseas students unrealised.</p>	2 2 Medium	Regular reporting of Visa refusal rates to Director of Internationalisation by Immigration Team.	2 2 Medium	<p>Monitor situation and develop plan to support students to operationalise in S1 15/16 regarding collection of new Biometric visa documents.</p> <p>Person Responsible: Jennifer Parsons To be implemented by: 30/06/2015</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>

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	<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>Programme Board will meet for 12 months as the Corporate Delivery Board (CDB) – to enable Exec monitoring of current & upcoming projects, and to oversee change across LSBU at a high level.</p> <hr/> <p>Central Programme Management Office (PMO) is in place to manage governance, oversight and reporting of 'monitored' and 'managed' changes, & management of related risks, issues, communications, benefits, and dependencies.</p> <hr/> <p>Executive Communications Strategy designed to ensure significant consultation with internal and external stakeholders.</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	

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 Home/EU recruitment targets Risk Owner: Paul Ivey Last Updated: 21/03/2015	<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) - Failure to develop and communicate brand & lsbu graduate attributes - Lack of accurate real-time reporting mechanisms - 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 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: Seth Stromboli</p> <p>To be implemented by: 30/06/2015</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</p> <p>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</p> <p>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	<p>Cause & Effect:</p> <p>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 participation in sector review activity through attendance at LPFA HE forum, & UCEA pensions group by CFO or deputy.</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	

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: 14/04/2015</p>	<p>Cause & Effect:</p> <p>Causes:</p> <ul style="list-style-type: none"> - Lack of strategic vision for ICT - Proliferation of technology solutions - Data in systems is inaccurate - Data in systems lacks interoperability - Resource constraints & insufficient staff capability delay system improvement - 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 - unclear data during clearing & over-recruitment penalties - League table position impaired by wrong data - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course accreditation etc) 	<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>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: Olajide Iyaniwura</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
14	Loss of NHS contract income	<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 reduction in available funding. In addition late decision making over community programmes. Plus London Educational Contracts (pre-registration) are running on an extension, all to be renewed by April 2016 with likely re-tendering. Recruitment to contracted programmes is buoyant. Risk is of reduction in NHS contracted pre-registration numbers as a result of re-tendering exercise coupled with reduction in overall funding across the NHS.</p> <p>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 2 High	<p>Continue contract discussions with HEE/ LETB's. Attempt to extend contracts or revert to National Framework</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 31/03/2016</p> <hr/> <p>Ensure a quality campus in each HEE/ LETB area. Plan for renewal of Havering lease in 2018 or alternative site. Negotiate re inclusion in Care City plans with NELFT and Barking.</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 30/09/2015</p> <hr/> <p>Grow into new markets for medical and private sector CPPD provision</p> <p>Person Responsible: Warren Turner</p> <p>To be implemented by: 30/09/2015</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: 30/09/2015</p> <hr/> <p>Increase uptake in band 1-4 activitiy Support Trusts in seeking external (non NHS) funding</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						<p>Person Responsible: Sheelagh Mealing</p> <p>To be implemented by: 30/09/2015</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: 30/09/2015</p>
37	<p>Capital investment ambitions of forward estate strategy undermine financial sustainability</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"> - 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 	<p>3 3</p> <p>High</p>	<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> <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>	<p>3 1</p> <p>Medium</p>	<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> <p>Person Responsible: Ian Mehrtens</p> <p>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> <p>Person Responsible: Ian Mehrtens</p> <p>To be implemented by: 29/05/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
				<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>		
305	<p>Student & corporate data not accessed and stored securely or appropriately</p> <p>Risk Owner: Ian Mehrtens</p> <p>Last Updated: 13/04/2015</p>	<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>	<p>3 2</p> <p>High</p>	<p>Responsibility for control over data protection risks at an institutional level allocated to Director of ICT.</p>	<p>3 2</p> <p>High</p>	<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</p> <p>To be implemented by: 30/06/2015</p> <hr/> <p>Recruit to new Head of Information Security role within ICT team.</p> <p>Person Responsible: Rob McGeechan</p> <p>To be implemented by: 31/07/2015</p> <hr/> <p>Respond to findings of PWC 14/15 internal audit report into data security.</p> <p>Person Responsible: Rob McGeechan</p> <p>To be implemented by: 30/05/2015</p>

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
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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.

Person Responsible: Mandy Eddolls

To be implemented by: 31/10/2014

	PAPER NO: AC.25(14)
Paper title:	Anti-Fraud Policy review
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Natalie Ferer – Financial Controller
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To review the current Anti-Fraud Policy and Fraud Response Plan.

Context	This policy is intended to ensure that all cases of suspected fraud are promptly reported, investigated and dealt with as necessary, thereby safeguarding the finances and resources of the University. The policy is subject to annual review and approval.
Question	Should any changes be made to either the Anti Fraud Policy or the Fraud Response Plan
Conclusion & Recommendation	It is recommended that Audit Committee approve the minor changes as detailed on the attached policy. The committee is also asked to note the self-assessment check list

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

Executive Summary

Earlier in the year The British Universities Finance Directors Group (BUFDG) produced a 'self-assessment checklist' for Universities that can be used to strengthen institutional counter-fraud measures. Split into three sections covering general anti-fraud arrangements, internal controls, and assessment of financial fraud, it is designed to help institutions think

Anti Fraud Policy and Fraud Response Plan
June 2015

through their policies and preparedness, and identify strengths and weaknesses, and where further steps can be taken.

We have completed the self-assessment and a copy is attached for information. This has flagged a few areas for further consideration, particularly around anti-fraud awareness, but has not resulted in any changes to the Anti-Fraud Policy or Fraud response plan. Minor changes are shown by track changes on the attached document.

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Anti Fraud Policy

1. Introduction

The Anti Fraud Policy outlines LSBU's position on fraud and sets out responsibilities for its prevention and detection. The policy is intended to ensure that all cases of suspected fraud are promptly reported, investigated and dealt with as necessary, thereby safeguarding the finances and resources of the University and its subsidiaries.

It applies to all staff and students in all group companies.

2. Policy

LSBU does not tolerate fraud in any form. We aim to prosecute anyone who commits fraud against the University.

Consistent with our values and behavioural framework, the University requires all staff and students to act honestly, with integrity and to safeguard any University resources for which they are responsible at all times.

Holders of letters of delegated authority are formally responsible for ensuring that all staff are aware of the University's fraud reporting protocols and that all incidents of suspected theft, fraud, misuse of the University's assets or serious weaknesses in internal control are reported in accordance with the procedures set out in this document.

3. Definition of fraud

Fraud can be defined as the use of deception with the intention of:

- Gaining an advantage, personally and/or for family or friends
- Avoiding an obligation
- Causing a financial loss to the University or any subsidiary or associated company, including SBUEL.

Whilst not a definitive list, the main types of fraud are:

- The theft of cash, assets or any other property of the University by staff or students
- False accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the University or furnishing information which is or may be misleading, false or deceptive
- Deliberate claiming of expenses that were not incurred on University business, or the use of University Purchasing Cards for the same purpose
- Abuse of position – abusing authority and misusing University resources or information for personal gain or causing loss to the University
- Entering into unfavourable contracts or arrangements with suppliers in order to benefit personally from the relationship.

- Attempting to make payments to the University with a stolen or unauthorised credit/debit card.

4. Prevention of fraud

Fraud is costly, both in terms of reputational risk and financial loss, as well as time consuming to identify and investigate. Therefore, minimising the risk of fraud is a key objective.

The University has established systems and procedures in place which incorporate effective and efficient internal financial controls. One of the main objectives of these controls is to minimise the risk of fraud and allow fraud to be detected promptly. These systems and processes are embodied in the Financial Regulations, and it is therefore important that all staff are aware of, and follow, the Financial Regulations.

All staff should be vigilant and consider the risk of fraud within their areas. Staff should notify their line manager if they believe an opportunity for fraud exists because of poor procedures or lack of effective supervision. The Finance Department can provide guidance where procedures need to be improved.

Managers should be aware that certain patterns of behaviour may indicate a desire for concealment. These include, but are not limited to:

- Taking few holidays
- Resistance to delegation
- Resentment to normal discussion of work issues
- Frequently working alone late or at weekends

Managers should consider the risk of fraud when these patterns of behaviour are apparent in their staff.

5. Reporting a suspected fraud

Any member of staff who suspects with good cause that fraud has been committed must report the matter immediately to their line manager. The line manager should then immediately inform the relevant Dean/Head of Professional Service and the Chief Financial Officer.

LSBU has a Speak Up Policy which may be used by staff who, for any reason, wish to submit information outside of the management chain described above. This policy can be viewed at <https://my.lsbu.ac.uk/assets/documents/regulations/speak-uppolicy.pdf>

All reported cases of suspected fraud will be investigated.

The internal and external auditors have their own procedures for reporting any incidences of suspected fraud that they discover during the course of their audit work.

6. Fraud Response plan

When an incidence of fraud is identified, there is an immediate need to safeguard assets, recover losses and secure evidence for legal and disciplinary processes. In order to meet these objectives, the University has a fraud response plan. Staff and students are required to act in accordance with the fraud response plan.

If a member of staff discovers or suspects a fraud, theft, corruption or other financial irregularity, they must immediately inform their Dean or Head of Professional Service and the Chief Financial Officer. Failure to do so will result in disciplinary action. The Chief Financial Officer will instigate the following responses:

- Take action to mitigate the potential loss to the University
- Immediately inform the Vice Chancellor, the University Secretary, the Head of Internal Audit and The University's Employee and Officers insurers.
- Initiate an investigation. The scope of this investigation should be agreed with the Vice Chancellor and the University Secretary.
- Decide whether or not to treat this incident as a criminal investigation and involve the police and/or accredited fraud investigators
- Take steps to prevent a recurrence of such an irregularity or breach of internal controls.

If it is suspected that a fraud may be significant:

- The chair of the Audit Committee, the Chair of the Board of Governors and the University's HEFCE accounting officer should also be informed (The Accountability and Audit: HEFCE Code of Practice, which flows from the HEFCE Financial Memorandum, contains a mandatory requirement that any significant fraud must be reported to the HEFCE Accounting Officer)
- The Chair of Audit Committee will decide whether or not to convene an extraordinary meeting of Audit Committee to consider action already taken, or proposed to be taken.
- The CFO will liaise with the VC, Chair of Audit Committee and Head of Internal Auditors appropriate to determine the role of internal audit in the investigation.

A significant fraud is one where:

- The sums of money involved are significant
- The fraud involves senior officers of the University
- The particulars of the fraud or irregularity are novel, unusual or complex
- There is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

In the event of a suspected fraud involving Finance and Management Information(FMI), the Vice Chancellor will initiate action. The Chief Financial Officer will not be involved in the subsequent investigations.

In the event of a suspected fraud involving the Vice Chancellor, the Chief Financial Officer will inform the Chair of the Board of Governors directly.

Investigation of a suspected fraud

The investigation must be conducted on a timely basis, observing the principles of natural justice and preserving confidentiality.

All staff must cooperate in an investigation or action to mitigate loss and must observe reasonable expectations of confidentiality.

The Vice Chancellor may take action during the investigation against any member of staff who is potentially implicated in the suspected fraud. This action may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks

Result of investigation

In the event that an allegation is substantiated, the action taken by the Vice Chancellor as a consequence will be recorded in writing. Such action should be proportionate to the allegation but may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks
- Summary dismissal or dismissal under notice
- Notification of the police
- Notification of other parties likely to be affected
- Restitution by the perpetrator
- Other disciplinary procedures

HEI Fraud Self-Assessment Checklist

:

<p>Name: Natalie Ferer</p> <p>Position: Financial Controller</p> <p>Date of completion: 14th May 2014</p>

Question	Response and comments	Flag
1. Anti-fraud arrangements		
1.1. Do you have a formal fraud policy and/or fraud response plan, approved by the governing body? If so, how often are these updated?	Yes, reviewed and updated annually	
1.2. Do you undertake a formal fraud risk assessment? If so, how often is this done?	No formal separate fraud risk assessment although significant fraud risk would be covered by local operational risk assessment processes	
1.3. Does your university do business overseas? Does your fraud risk assessment include specific risks from international activity?	Yes. Further consideration required for specific risks for overseas activities	Y
1.4. Is there a nominated senior manager with overall responsibility for anti-fraud management arrangements? If so, what is their role/position?	Yes, Chief Financial Officer	
1.5. Do you have any staff trained in handling suspected frauds or running a fraud investigation?	Any investigations are led by the CFO and involve senior staff with experience. If significant, investigations involve specially trained forensic staff from our Internal Auditors.	
1.6. Is there a dedicated Counter-Fraud group in your institution? If so, does it include representatives from Finance, Registry, HR, Procurement, Estates, and Academia?	There is an Anti-Bribery working group and an Ethics group.	
1.7. What specific actions do your internal auditors take to detect and prevent fraud?	The Internal Auditors endeavour to plan their work so that they have a reasonable expectation of detecting significant control weaknesses and, if detected, carry out additional work directed towards identification of consequent fraud or other irregularities. They cannot however guarantee that fraud will be detected.	
1.8. Do you have fraud insurance in place? How recently have you claimed on it? How much has it	Yes, no claims	

cost/saved?		
2. Internal Controls and Audit		
2.1 Does staff induction and training include guidance on fraud? Does it include: A whistleblowing policy, anti-bribery policy, money laundering policy, and code of conduct?	The Anti -Fraud Policy, Anti -Bribery Policy, LSBU values, Financial Regulations and whistleblowing policy are all available on the staff intranet. We should ensure that these documents are clearly signposted for new staff	Y
2.2. Does internal management training cover fraud culture and policy awareness? Who is this aimed at and how often is the training run?	Contained in letters of delegated authority, but no formal training	Y
2.3 Do you test the effectiveness of internal controls designed to prevent or detect fraud? If so, how?	Through management controls and the Internal Audit process	
2.4 Does your institution publish details of attempted or successful frauds internally? Either as a deterrent or for awareness-raising?	To Finance team and Audit committee	
2.5 What work do your external auditors undertake in accordance with ISA 240? How is this work reported?	TBC Enhanced testing of the income cycle. Results of all audit work are reported to Audit Committee and the Board of Governors	
2.6 Is your institution signed up to the HE sector's NAFN fraud alert service?	Yes	
2.7 How are your audit committee made aware of frauds and of internal fraud controls? Are all frauds reported?	Yes, A report is taken to every audit committee meeting	
2.8 How are your governing council made aware of frauds, and of internal fraud policies, controls, and awareness measures?	The governing body is made aware of suspected or attempted frauds though the Anti-Fraud Reports to Audit Committee and through reports from Internal and External Auditors. The Board also reviews annually the Anti-Fraud and Anti-Bribery Policy and Whistleblowing Policy and report.	
3. Assessment and experience of financial fraud		
3.1 Is your current assessment that fraud is a low, medium or high risk? Is this an overall assessment? There could be variability of risk rating across	Overall assessment is low risk	

different areas.		
3.2 Do you believe that there is an effective anti-fraud culture in your organisation, with high levels of fraud risk awareness amongst all staff?	More should be done to raise fraud risk awareness through training	
3.3 In the last two financial years how many frauds or suspected frauds have you experienced that were above the HEFCE reporting threshold? How many were below the threshold?	<p>2 above the HEFCE reporting threshold (of which 1 may have been an actual fraud)</p> <p>Staff overpayment – March 2012</p> <p>Confucius Institute – February 2014</p> <p>9 below the HEFCE reporting threshold (of which 5 may have been actual frauds).</p> <p>Neilcott Construction bank details – March 13</p> <p>Accommodation payment – January 2013</p> <p>ESBE purchasing card matter – September 2013</p> <p>Student records matter – November 2013</p> <p>Estates purchasing – December 2013</p> <p>Mitie Group bank details – December 2013</p> <p>Theft from hall of residence – February 2014</p> <p>Development purchasing card matter – September 2014</p> <p>Student Ambassadors matter – October 2014</p>	
3.4 If you have trained fraud-response staff (Q1.5), are there any recent instances of these staff being deployed in an investigative capacity?	See response to 1.5	
3.5 Have you disciplined, dismissed or, with the relevant authorities, prosecuted any members of staff for fraud in the period?	Yes	
3.6 Have you involved the police in any action to deal with suspected or actual fraud in the period?	Yes	
3.7 Have you reported any frauds, successful or attempted, to NAFN via the intel@nafn.gov.uk email address? Have you used the email address to request counter-fraud advice or advice	<p>Yes – reported</p> <p>Did not seek advice from NAFN but have used internal audit service for advice</p>	

on running an investigation?		
3.8 Do you have grounds to suspect that there have been any other attempts to defraud the University either by staff or by outside organisations such as suppliers in the period?	No	
3.9 Have you reviewed your fraud policy in the light of any actual frauds you have experienced? Have any gaps in your policy, or failures in its implementation, been identified and addressed as a result?	Yes	

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	PAPER NO:AC.25(15)
Paper title:	Anti-Fraud Policy review
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Natalie Ferer – Financial Controller
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To review the current Anti-Fraud Policy and Fraud Response Plan.

Context	This policy is intended to ensure that all cases of suspected fraud are promptly reported, investigated and dealt with as necessary, thereby safeguarding the finances and resources of the University. The policy is subject to annual review and approval.
Question	Should any changes be made to either the Anti Fraud Policy or the Fraud Response Plan
Conclusion & Recommendation	It is recommended that Audit Committee approve the minor changes as detailed on the attached policy. The committee is also asked to note the self-assessment check list

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

Executive Summary

London South Bank University

Earlier in the year The British Universities Finance Directors Group (BUFDG) produced a 'self-assessment checklist' for Universities that can be used to strengthen institutional counter-fraud measures. Split into three sections covering general anti-fraud arrangements, internal controls, and assessment of financial fraud, it is designed to help institutions think through their policies and preparedness, and identify strengths and weaknesses, and where further steps can be taken.

We have completed the self-assessment and a copy is attached for information. This has flagged a few areas for further consideration, particularly around anti-fraud awareness, but has not resulted in any changes to the Anti-Fraud Policy or Fraud response plan. Minor changes are shown by track changes on the attached document.

London South Bank University

Anti Fraud Policy

1. Introduction

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It applies to all staff and students [in all group companies](#).

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LSBU does not tolerate fraud in any form. We aim to prosecute anyone who commits fraud against the University.

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- Abuse of position – abusing authority and misusing University resources or information for personal gain or causing loss to the University

London South Bank University

- Entering into unfavourable contracts or arrangements with suppliers in order to benefit personally from the relationship.
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4. Prevention of fraud

Fraud is costly, both in terms of reputational risk and financial loss, as well as time consuming to identify and investigate. Therefore, minimising the risk of fraud is a key objective.

The University has established systems and procedures in place which incorporate effective and efficient internal financial controls. One of the main objectives of these controls is to minimise the risk of fraud and allow fraud to be detected promptly. These systems and processes are embodied in the Financial Regulations, and it is therefore important that all staff are aware of, and follow, the Financial Regulations.

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-Managers should be aware that certain patterns of behaviour may indicate a desire for concealment. These include, but are not limited to:

- Taking few holidays
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LSBU has a Speak Up Policy which may be used by staff who, for any reason, wish to submit information outside of the management chain described above. This policy can be viewed at <https://my.lsbu.ac.uk/assets/documents/regulations/speak-uppolicy.pdf>
All reported cases of suspected fraud will be investigated.

London South Bank University

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If a member of staff discovers or suspects a fraud, theft, corruption or other financial irregularity, they must immediately inform their Dean or Head of ~~Support Department~~Professional Function Service and the Chief Financial Officer. Failure to do so will result in disciplinary action. The Chief Financial Officer will instigate the following responses:

- Take action to mitigate the potential loss to the University
- Immediately inform the Vice Chancellor, the University Secretary, the Head of Internal Audit and The University's Employee and Officers insurers.
- Initiate an investigation. The scope of this investigation should be agreed with the Vice Chancellor and the University Secretary.
- Decide whether or not to treat this incident as a criminal investigation and involve the police and/or accredited fraud investigators
- Take steps to prevent a recurrence of such an irregularity or breach of internal controls.

If it is suspected that a fraud may be significant:

- The chair of the Audit Committee, the Chair of the Board of Governors and the University's HEFCE accounting officer should also be informed (The Accountability and Audit: HEFCE Code of Practice, which flows from the HEFCE Financial Memorandum, contains a mandatory requirement that any significant fraud must be reported to the HEFCE Accounting Officer)
- The Chair of Audit Committee will decide whether or not to convene an extraordinary meeting of Audit Committee to consider action already taken, or proposed to be taken.
- The CFO will liaise with the VC, Chair of Audit Committee and Head of Internal Auditors appropriate to determine the role of internal audit in the investigation.

A significant fraud is one where:

- The sums of money involved are significant
- The fraud involves senior officers of the University
- The particulars of the fraud or irregularity are novel, unusual or complex

London South Bank University

- There is likely to be public interest because of the nature of the fraud or irregularity, or the people involved.

In the event of a suspected fraud involving ~~the Finance Department~~Finance and Management Information(FMI), the Vice Chancellor will initiate action. The Chief Financial Officer will not be involved in the subsequent investigations.

In the event of a suspected fraud involving the Vice Chancellor, the Chief Financial Officer will inform the Chair of the Board of Governors directly.

Investigation of a suspected fraud

The investigation must be conducted on a timely basis, observing the principles of natural justice and preserving confidentiality.

All staff must cooperate in an investigation or action to mitigate loss and must observe reasonable expectations of confidentiality.

The Vice Chancellor may take action during the investigation against any member of staff who is potentially implicated in the suspected fraud. This action may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks

Result of investigation

In the event that an allegation is substantiated, the action taken by the Vice Chancellor as a consequence will be recorded in writing. Such action should be proportionate to the allegation but may include:

- Temporary suspension from duty
- Denial of access to University buildings and computer networks
- Summary dismissal or dismissal under notice
- Notification of the police
- Notification of other parties likely to be affected
- Restitution by the perpetrator
- Other disciplinary procedures

HEI Fraud Self-Assessment Checklist

:

<p>Name: Natalie Ferer</p> <p>Position: Financial Controller</p> <p>Date of completion: 14th May 2014</p>

Question	Response and comments	Flag
1. Anti-fraud arrangements		
1.1. Do you have a formal fraud policy and/or fraud response plan, approved by the governing body? If so, how often are these updated?	Yes, reviewed and updated annually	
1.2. Do you undertake a formal fraud risk assessment? If so, how often is this done?	No formal separate fraud risk assessment although significant fraud risk would be covered by local operational risk assessment processes	
1.3. Does your university do business overseas? Does your fraud risk assessment include specific risks from international activity?	Yes. Further consideration required for specific risks for overseas activities	Y
1.4. Is there a nominated senior manager with overall responsibility for anti-fraud management arrangements? If so, what is their role/position?	Yes, Chief Financial Officer	
1.5. Do you have any staff trained in handling suspected frauds or running a fraud investigation?	Any investigations are led by the CFO and involve senior staff with experience. If significant, investigations involve specially trained forensic staff from our Internal Auditors.	
1.6. Is there a dedicated Counter-Fraud group in your institution? If so, does it include representatives from Finance, Registry, HR, Procurement, Estates, and Academia?	There is an Anti-Bribery working group and an Ethics group.	
1.7. What specific actions do your internal auditors take to detect and prevent fraud?	The Internal Auditors endeavour to plan their work so that they have a reasonable expectation of detecting significant control weaknesses and, if detected, carry out additional work directed towards identification of consequent fraud or other irregularities. They cannot however guarantee that fraud will be detected.	
1.8. Do you have fraud insurance in place? How recently have you claimed on it? How much has it	Yes, no claims	

cost/saved?		
2. Internal Controls and Audit		
2.1 Does staff induction and training include guidance on fraud? Does it include: A whistleblowing policy, anti-bribery policy, money laundering policy, and code of conduct?	The Anti -Fraud Policy, Anti -Bribery Policy, LSBU values, Financial Regulations and whistleblowing policy are all available on the staff intranet. We should ensure that these documents are clearly signposted for new staff	Y
2.2. Does internal management training cover fraud culture and policy awareness? Who is this aimed at and how often is the training run?	Contained in letters of delegated authority, but no formal training	Y
2.3 Do you test the effectiveness of internal controls designed to prevent or detect fraud? If so, how?	Through management controls and the Internal Audit process	
2.4 Does your institution publish details of attempted or successful frauds internally? Either as a deterrent or for awareness-raising?	To Finance team and Audit committee	
2.5 What work do your external auditors undertake in accordance with ISA 240? How is this work reported?	Enhanced testing of the income cycle. Results of all audit work are reported to Audit Committee and the Board of Governors	
2.6 Is your institution signed up to the HE sector's NAFN fraud alert service?	Yes	
2.7 How are your audit committee made aware of frauds and of internal fraud controls? Are all frauds reported?	Yes, A report is taken to every audit committee meeting	
2.8 How are your governing council made aware of frauds, and of internal fraud policies, controls, and awareness measures?	The governing body is made aware of suspected or attempted frauds though the Anti-Fraud Reports to Audit Committee and through reports from Internal and External Auditors. The Board also reviews annually the Anti-Fraud and Anti-Bribery Policy and Whistleblowing Policy and report.	
3. Assessment and experience of financial fraud		
3.1 Is your current assessment that fraud is a low, medium or high risk? Is this an overall assessment? There could be variability of risk rating across	Overall assessment is low risk	

different areas.		
3.2 Do you believe that there is an effective anti-fraud culture in your organisation, with high levels of fraud risk awareness amongst all staff?	More should be done to raise fraud risk awareness through training	
3.3 In the last two financial years how many frauds or suspected frauds have you experienced that were above the HEFCE reporting threshold? How many were below the threshold?	<p>2 above the HEFCE reporting threshold (of which 1 may have been an actual fraud)</p> <p>Staff overpayment – March 2012</p> <p>Confucius Institute – February 2014</p> <p>9 below the HEFCE reporting threshold (of which 5 may have been actual frauds).</p> <p>Neilcott Construction bank details – March 13</p> <p>Accommodation payment – January 2013</p> <p>ESBE purchasing card matter – September 2013</p> <p>Student records matter – November 2013</p> <p>Estates purchasing – December 2013</p> <p>Mitie Group bank details – December 2013</p> <p>Theft from hall of residence – February 2014</p> <p>Development purchasing card matter – September 2014</p> <p>Student Ambassadors matter – October 2014</p>	
3.4 If you have trained fraud-response staff (Q1.5), are there any recent instances of these staff being deployed in an investigative capacity?	See response to 1.5	
3.5 Have you disciplined, dismissed or, with the relevant authorities, prosecuted any members of staff for fraud in the period?	Yes	
3.6 Have you involved the police in any action to deal with suspected or actual fraud in the period?	Yes	
3.7 Have you reported any frauds, successful or attempted, to NAFN via the intel@nafn.gov.uk email address? Have you used the email address to request counter-fraud advice or advice	<p>Yes – reported</p> <p>Did not seek advice from NAFN but have used internal audit service for advice</p>	

on running an investigation?		
3.8 Do you have grounds to suspect that there have been any other attempts to defraud the University either by staff or by outside organisations such as suppliers in the period?	No	
3.9 Have you reviewed your fraud policy in the light of any actual frauds you have experienced? Have any gaps in your policy, or failures in its implementation, been identified and addressed as a result?	Yes	

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	PAPER NO: AC.26(15)
Paper title:	Anti-Fraud, Bribery and Corruption Report
Board/Committee	Audit committee
Date of meeting:	4 th June 2015
Author:	Natalie Ferer – Financial Controller
Executive/Operations 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	Has there been any instance of Fraud, Bribery or corruption since the last meeting?
Conclusion & Recommendation	That committee notes the report, agrees that no further action should be taken to recover over payments of pensions and approves the proposed write off.

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

Pension overpayments

Overpayments have been made to two former members of staff in receipt of a top-up pension from LSBU. A detailed investigation has been completed and based on the outcome of that review we are confident that these are the only two cases of overpayment.

London South Bank University

Mr G, had been receiving a pension from LSBU as part of the unfunded Teacher's Pension scheme. On his death in August 1999 LSBU should have ceased payment of the pension but payments continued until November 2014 when an accountant acting for Mr G's widow contacted the University. It is understood that Mr G's widow has access to the bank account that the pension is paid into and presumably received payslips in her late husband's name. The total gross pension paid since his death is £45,589.91 and recently Mrs G has sent a cheque to the University for £1,500 saying that this is as much as she can offer in repayment.

LSBU is reliant on being told of a death by the family or whoever is dealing with the estate. Failing this, on occasion, payments are stopped when the recipient's bank account is closed or when a payslip is returned as undelivered. Mrs G's accountant has said that the University was informed of her husband's death by both letter and telephone call but there is no record of this in either HR or Payroll.

New procedures have now been put in place whereby the payroll team periodically check pensioner's details with the Teachers' Pension Scheme as a way of verifying if the top-up pension should still be paid. As a result of this new process a further overpayment has been identified whereby we continued to pay Mr A from when he died in August 2010 until 2014. The total overpayment is £3,128.75 and the University has not been able to make any contact with the estate of Mr A.

The University Solicitor advises against seeking recovery through the courts as there would be a reputational risk to the University and in addition Mrs G and Mr A's estate may not be able to make a repayment even if the courts ruled in our favour. The Committee is therefore asked to note the report, the advice of the University Solicitor not to seek further recovery of these debts and approve the write off of these amounts, net of the £1,500 recovered.

	CONFIDENTIAL
	PAPER NO: AC.27(15)
Paper title:	Speak up policy review and helpline
Board/Committee	Audit Committee
Date of meeting:	4 June 2015
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors
Board sponsor:	Andrew Owen, Chairman of the Audit Committee
Purpose:	Decision
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	N/A – helps LSBU to uncover and investigate malpractice.
Recommendation:	The committee is requested to note the establishment of an independent helpline and approve the revised speak up policy

Matter previously considered by:		
Further approval required?		On:

Executive Summary

Independent reporting line

In February 2015 the following three organisations were requested to provide quotes and details of their speak up advice line service:

- a) Expolink
- b) Public Concern at Work (PCAW)
- c) Safecall

London South Bank University

An update was provided to Audit Committee in February and PCAW was withdrawn from consideration as its service did not meet the original criteria.

Following the update to the Audit Committee, further discussions were 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.

Based on these discussions a recommendation to appoint Safecall was agreed by the Chairman of the Audit Committee.

There are four ways to raise a concern through Safecall (phone, email, web form or post). Where an employee contacts Safecall, they will prepare a speak up matter report. Safecall will send these reports to three members of the Executive (CFO, EDHR, University Secretary) and the Chairman of the Audit Committee who will act on the reports relating to their area (e.g. fraud cases dealt with by CFO). If the individual raising the concern wishes it to go straight to the Chair of Audit Committee, or if a member of the Executive is the subject of the concern, Safecall will send the matter report only to the Chair of the Audit Committee for review.

Matter reports will be available on a web based case management system. The three Executive members and the Chair of the Audit Committee will receive an email notification when a new matter has been raised and will be able to log into the system to read the matter report.

Regular management reports will be provided to Audit Committee.

Speak up Policy

In addition, the committee is requested to approve the revised speak up policy which has been amended to show Safecall as the point of contact.

Speak up policy

Originating Department:	<i>Governance & Legal</i>
Enquiries to:	<i>University Secretary & Clerk to the Board</i>
Approving Committee/Body:	<i>Approved by Board of Governors Reviewed by Audit Committee</i>
Version No:	2
Last Approved:	Reviewed by Audit Committee 7 th February 2013
Next due for approval:	Review by Audit Committee by September 2014
Document Type (delete as appropriate):	POLICY
Mandatory Target Audience:	<i>All Staff and Students</i>
Also of Relevance to:	<i>LSBU partners and stakeholders</i>
Brief Summary of Purpose:	<i>The Speak up policy is intended to assist both students and employees who believe they have discovered malpractice or impropriety.</i>

Speak up policy

1. Introduction

LSBU is committed to the highest standards of business conduct. It seeks to conduct its affairs in a responsible manner taking into account the requirements of its funding bodies, and the values identified by the Committee on Standards in Public Life.

LSBU welcomes constructive criticism and encourages a climate in which problems can to a large extent be addressed informally. However, it recognises that this is not always possible, and that sometimes more formal means are needed.

The Public Interest Disclosure Act gives legal protection to workers against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. Where an individual discovers information which he or she believes shows malpractice or wrongdoing within the organisation then it should be disclosed without fear of reprisal, and this may be done independently of line management. Employees in other territories will be treated as if such legislation applied to them.

This policy is intended to assist both students and employees who believe they have discovered malpractice or impropriety. It is not to be used to question financial or business decisions taken by LSBU. Nor is it for matters which should be raised under grievance, complaint or disciplinary procedures, or to reopen matters which have already been considered under them. Students on placement should, in the first instance, follow the speak up policy of the institution in which they are placed.

2. Scope of the speak up policy

This speak up policy is intended to allow students, staff and others associated with LSBU by an employment or other business contract to raise concerns and disclose information about perceived malpractice.

The term 'malpractice' includes, but is not limited to:

- financial malpractice, impropriety or fraud;
- breaches of financial controls, false accounting/reporting, financial and other reporting irregularities;
- academic malpractice;
- failure to comply with LSBU's legal or regulatory obligations – for example about the health and safety of students, employees or the public, anti-discrimination legislation, trading standards or environmental protection laws;
- unethical business conduct, where colleagues receive or solicit anything of value from a third party or promise, offer or give anything of value to influence the decision of a third party in procurement or contract execution for LSBU;
- any other criminal activity, such as assault;
- bullying, harassment, discrimination or victimisation of others ;
- colleagues who are involved in the taking, buying, selling of drugs or other forms of substance abuse;
- a miscarriage of justice;
- actions intended to hide any of the above; and
- behaviour which might damage LSBU's reputation.

3. Safeguards

3.1 Protection

This speak up policy is designed to offer protection to those identified in paragraph 2 who disclose such concerns, provided that the disclosure is made:

- (i) in good faith, and
- (ii) in the reasonable belief of the individual making the disclosure that it tends to show malpractice.

3.2 Confidentiality

Your identity when making the allegation will be kept confidential to those dealing with the case only, so long as this does not hinder or frustrate any investigation or LSBU's ability to meet its legal obligations. However, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement as part of the evidence required.

3.3 Anonymous Allegations

You are encouraged to put your name to any disclosures you make. Concerns expressed anonymously carry less weight, but may be considered at LSBU's discretion. Factors to be taken into account in exercising this discretion include:

- the seriousness of the issues raised;
- the credibility of the concern;
- any supporting evidence received; and
- the likelihood of confirming the allegation from alternative credible sources.

3.4 *Untrue Allegations*

If you make an allegation in good faith, but it is not confirmed by subsequent investigation, no action will be taken against you.

The making of malicious or vexatious allegations, however, is likely to result in disciplinary and/or legal action.

4. Procedures for speaking up

4.1 ~~Initial Step Staff~~

4.1.1 In the first instance disclosure should be made to your line manager or head of department, who should decide if it is appropriate to resolve the matter locally.

4.1.2 If you feel you cannot raise the matter with your line manager or head of department (e.g. because they are the subject of the disclosure), or if you are dissatisfied with the outcome of your disclosure, you should refer the matter to LSBU's independent reporting line provided by Safecallany of:

- ~~the University Secretary; or~~
- ~~the Director of Human Resources; or~~
- ~~the Deputy Director of Human Resources.~~

~~Alternatively, where you wish to raise the matter with someone who is outside the line management structure of LSBU, disclosure may be made to:~~

- ~~the Chair of the Audit Committee, who is always an independent governor.~~

~~To follow this independent route, you should write to the Chair of the Audit Committee, 103 Borough Road, London, SE1 0AA (c/o the University Secretary & Clerk to the Board), marked "Personal and Confidential: please forward". The correspondence will be forwarded unopened to the Chair of the Audit Committee.~~

~~The Chair of the Audit Committee will respond promptly to you and will decide the course of action to be taken.~~

4.2 Independent reporting line

If you wish to raise a concern you should use LSBU's independent reporting line provided by Safecall. You can contact Safecall in confidence by:

- phoning: xxxxxxxxxxxx
- emailing: xxxxxxxxxxxx
- completing a web form available at xxxxxxxxxxxx
- post addressed to xxxxxxxxxxxxxxxxx

Each matter will be considered by the relevant member of the Executive and the Chair of the Audit Committee, who is an independent governor and is independent of the senior management team. If a member of the Executive is the subject of the disclosure it will be considered solely by the Chair of the Audit Committee.

4.23 Students

Students are encouraged to raise any concerns with their course director. If you feel this is inappropriate or you are dissatisfied with the outcome you may raise your concern through the independent reporting line.

Students on placement

If you are a student on placement you should, in the first instance, follow the speak up policy of the institution in which you are placed.

4.3 Nurses, midwives and student nurses and midwives

For student nurses and midwives Your attention is drawn to the Nursing and Midwifery Council's guidance: *Raising concerns: Guidance for nurses and midwives* (September 2013). Further information is available on the NMC's website:

<http://www.nmc-uk.org/Nurses-and-midwives/Raising-and-escalating-concerns/>

4.4 Next steps

The person receiving the initial disclosure Members of the Executive or, if appropriate, the Chair of the Audit Committee will consider the information made

available and should determine whether there is a *prima facie* case to answer, whether an investigation should take place, and if so what form it should take. Investigations may involve:

- the application of a standard LSBU management procedure;
- an investigation by the internal auditors or some other person;
- an external investigation;
- referral to an external body (e.g. a funding body or the police), before or after an internal investigation has taken place.

Investigations will not be carried out by any person who will have to reach a decision on the matter. For this reason neither the Vice Chancellor nor the Chair of the Board should be asked to conduct an initial investigation.

4.5 *Feedback*

~~The person receiving the initial disclosure~~ Safecall will inform ~~you~~ the caller, in outline, of the action ~~already~~ taken in response to ~~the disclosure~~ and what further action, if any, is to be taken.

~~Where a disclosure is made the person or persons against whom the disclosure is made will be told of it, and the evidence supporting it, and will be allowed to respond before any investigation, or further action, is concluded.~~

~~However, the person against whom a disclosure is made will not be told if it is likely to compromise the outcome of the investigation.~~

~~There will be an equivalent feedback process following an appeal under 4.7 below.~~

4.6 *Reporting of Outcomes*

A brief ~~written~~ anonymised report of all disclosures, ~~not identifying individuals,~~ and any ~~subsequent~~ actions taken will be ~~made~~ regularly reported to the LSBU Audit Committee.

4.7 *Appeals*

If you are dissatisfied with the outcome of your disclosure, you have a right of appeal to an independent governor.

To make an appeal you should write to the Chair of the Board, c/o the University Secretary, marking the envelope "*Personal and Confidential: please forward*".

5. **Monitoring and Review**

The University Secretary will report to the ~~Board of Governors~~Audit Committee annually on the effectiveness of this policy and will ensure that periodic reviews are carried out.

Approved by the Board of Governors on 15th July 2010

Reviewed by the Audit Committee on 7th February 2013

Next review by September 2014

	CONFIDENTIAL
	PAPER NO: AC.28(15)
Paper title:	Speak up report
Board/Committee	Audit Committee
Date of meeting:	4 June 2015
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
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	N/A - The speak up policy enables workers and students to report any concerns about malpractice, helping to create an open and ethical culture in the workplace.
Recommendation:	The committee is requested to note the report.

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

Executive Summary

One speak up matter was raised under the speak up policy to the Chairman of the Audit Committee since the last meeting. This matter has been dealt with under the grievance procedure. An update will be provided to the meeting.

The committee is requested to note the report.

	PAPER NO: AC.29(15)
Paper title:	Closure of Projects within the Change Programme
Board/Committee	Audit Committee
Date of meeting:	4 June 2015
Author:	Tom Kelly, Head of Corporate Programme Management Office
Executive/Operations sponsor:	David Phoenix, Vice Chancellor
Purpose:	To report projects that were completed and closed within the LSBU change programme, provide an update on projects within the Informed Decision Making theme, and note the transition to oversight of activity by Operation Board as higher risk projects complete

Executive Summary	
Context	This paper gives an overview of projects completed and closed under the LSBU change programme, which oversaw key changes from April 2014 to March 2015. Audit Committee receive reports on projects within the Informed Decision Making theme. This paper highlights enhanced working arrangements following the closure of the change programme.
Question	What was delivered by the LSBU change programme? How is change now managed and overseen across LSBU?
Conclusion & Recommendation	<ul style="list-style-type: none"> That Committee note successful delivery of projects and the ongoing transition to enhanced oversight and management of change.

Projects completed within the LSBU change programme

1. Within the change programme, a number of key enhancements to LSBU operations have been successfully delivered. These range in scale (of cost / effort and complexity) but all carry significant benefit for the organisation:

Project	Output/outcome
Portfolio review	Presented schools with key data sets on all undergraduate courses (recruitment, progression, student satisfaction, DLHE, financial viability etc) enabling informed decisions on changes to the portfolio. 136 courses (21%) have been or are being closed, with a further 33 courses (5%) under active consideration for closure. 1200 modules were identified that were not current, with 560 modules being permanently archived. The model established will be repeated as an annual exercise
League table	Improved LSBU external data submissions and corporate understanding of the factors affecting LSBU league table results by modelling the compilation of tables. Improvements seen over most categories. Undertook significant work cleansing staff data. This is being followed up by review of current HR systems
Data quality	Established a data management policy and matrix of responsibilities for corporate systems – enabling prioritisation of datasets and support to data owners to address quality issues. Policy now approved and training being put in place
International applications	Implemented an online application process, improving applicant experience and precluding the risk of sudden application backlogs. System now live
EDISON – Data Centre Outsource	Delivered the cloud infrastructure needed to host existing systems and support the enhanced digital experience, with applications and data migrated offsite. Full report to University Board
EDISON – Exceptional Student Experience	Delivered a set of online social and collaboration tools, a master data management solution, a new unified portal for students, and the introduction of a predictive analytics solution to identify students at risk of not progressing. Complete and reported to Board. Support systems being developed for next academic year to complement the technology
EDISON – Identity and Access Management	This project will deliver unified authentication and authorisation for information systems access. The intended product did not operate to expectations, and a revised approach developed, which will be delivered for next academic year

Informed Decision Making projects

2. During the change programme, Audit Committee oversaw delivery of projects within this theme. As noted above, the League Table and Data Quality projects have now been completed and closed. Planned activity on management committee structures has been delivered outside the change programme – through the effective governance review, Academic Board review, and set up of school level management committees – and the outcome reported to the Board.

Finally, the performance management project has agreed corporate indicators and targets, and will complete with the delivery of reporting tools, this summer. These KPIs have been agreed with the Board.

Programme transition

3. Following delivery of projects noted above a range of higher cost/higher risk projects are complete or due to complete in coming weeks. The major risk now remains the number of smaller level projects being undertaken to support improvements to operational effectiveness. This work can be grouped as follows:
 - Work around the 'student journey' ie those process that effect student experience and course administration. A time limited working party from across the institution is overseeing the development of these projects with reports into Operations Board
 - Technical or ICT projects. A project team has now been embedded in our Academic Resources Professional Function (ie ICT) and is overseeing this activity – this will be the expected model in steady state. These are also reported into Operations Board to ensure oversight
 - Workforce planning is being led by HR and overseen by the executive with updates to Operations Board
 - We still need to develop the dashboard for the KPI reporting and underlying technology to automate as much of this as possible. This will continue to be reported to audit committee with updates to Operations Board.
 - Finally there are areas of the university where we require a step change in academic activity, for example the learning pathway. In the new Governance arrangements these will be reported into Academic Board. The implementation of these matters is overseen by Operations Board
4. The above model (summarised in the appendix 1) enables oversight of the full range of change activity by Operations Board for the next 12months. Thereafter Operations Board will remain responsible for delivery but the level of change should be sufficiently stable for most to be overseen by individual Professional functions.
5. To ensure appropriate management of all activity, the following should be noted:
 - A small corporate programme management office is being maintained within Academic Resources and will become embedded to support work into the future. These will ensure consistency of approach across activity over the coming 12 months
 - A clearer distinction of low risk / cost improvements, delivered locally and requiring limited institutional level oversight (an example would be the International Applications project), as opposed to high risk / cost / benefit improvements which require greater corporate visibility and support (eg Central Timetabling) is being developed

6. From the outset of 2015/16, alongside performance management and progress reporting against local delivery plans, projects will be reported quarterly to Operations Team, with detailed reports for projects of high strategic importance, cost or risk. The revised approach ensures that projects are appropriately and effectively approved, delivered and closed, with benefits reviewed post-closure.
7. Updates will be provided to the Board through the VC's report. Effectiveness of process and risk management is being monitored by audit committee by use of internal audit. An internal audit of this area is due in coming weeks.

Appendix one: projects transitioning from the change programme

Input - development		Project	Sponsor	Oversight / reporting
Academic Development executive working group	Developing the academic environment	Portfolio review	Pat Bailey	Academic Board
		Learning pathway: curriculum structure	Phil Cardew	
		Partnerships, collaboration and reputation	Paul Ivey	
		Developing scholarship	Paul Ivey	
		Estates - immediate	Ian Mehrtens	
Student Journey Development Board	Support for the academic environment	Student support	Pat Bailey	Operations Board
		Student journey	Pat Bailey	
		Course and student administration	Ian Mehrtens	
Ongoing projects	Informed decision making	League table	James Stevenson	Audit Committee
		Management committee review	James Stevenson	
		Corporate performance management	Richard Flatman	
		Data quality and management	Richard Flatman	
ICT (pipeline approach) Estates	ICT and infrastructure	Technical projects - in development	Ian Mehrtens	Operations Board
		EDISON	Ian Mehrtens	
		Estates - strategic	Ian Mehrtens	Executive
HR	People	Leadership and workforce development	Mandy Eddolls	
		Communications	Mandy Eddolls	

	CONFIDENTIAL
	PAPER NO: AC.30(15)
Paper title:	Transparent Approach to Costing – TRAC(T) Sign off
Board/Committee	Audit Committee
Date of meeting:	4 th June 2015
Author:	David Kotula, Reporting Analyst
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To retrospectively approve the TRAC(T) return (submitted to HEFCE on 25 April 2015) based on the assurances provided herein.
Context:	<p>The TRAC(T) return is a sub-analysis of the TRAC return and the purpose is to analyse cost by HESA academic cost centre.</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 to request retrospective approval of the return for 2013/14.</p>
Question:	Should committee approve the TRAC(T) submission based on the assurances herein?
Conclusion & Recommendation:	That the Committee approve the TRAC(T) return.

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

Executive summary

The Transparent Approach to Costing (Teaching) return - TRAC(T), is a sub-analysis of the Transparent Approach to Costing (TRAC) return and has been made annually since 2007.

TRAC (T) has three main aims:

- to enable higher education institutions (HEIs) to understand their own costs better, so that they can use cost information for planning, decision-making and management;
- to inform HEFCE's allocation of funds for teaching;
- to assist in understanding the total costs of sustainable teaching.

A reconciliation of the total costs in TRAC(T) to the figures published in the TRAC return is shown in table A (see Appendix 1). LSBU is benchmarked against a group of universities with similar levels of income from Teaching. For this purpose we are included in Peer Group E. (see Appendix 2). The return analyses the costs of HEFCE fundable teaching into HESA cost centres and then divides this cost by the total student numbers in each of those cost centres as reported in the HESA return to give *Subject-FACTS* for each of the current HESA cost centres (Full Average Annual Subject-related Cost of Teaching a HEFCE-fundable FTE student in a HESA academic cost centre). This output forms table B of the return (see Appendix 1).

The outcome of the benchmarking exercise was that LSBU has a higher mean Subject-FACT of £8,400, compared to the peer group mean of £7,728 (peer group 2012/13 was £6,963). Compared to 2012/13 the mean for LSBU is 37.3% higher than the prior year mean of £6,118. The variance can be attributed to a reduction in student FTE's of 11.2%, and an increase in costs of 22.0% which reflects a more rigorous application of costs toward teaching in accordance with agreed strategy.

The draft benchmark figures (Appendix 3) have been reviewed and we are satisfied that we have complied in full with the requirements. The report was signed off and has been submitted to HEFCE. We have had confirmation from HEFCE that the return relating to TRAC(T) has been received and no detailed issues have been raised following submission.

Assurances regarding process

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

1. Reconciliation to accounts

- The TRAC(T) return is an annual return based on the teaching element of the TRAC annual return. The basis for the 2014 return was the financial accounts for year ending 31/07/2014. The return has been checked and reconciles to the published financial accounts for the year ending 31/07/2014.
- The financial information used is a sub-set of the TRAC return. All costs that do not relate to publicly funded teaching are extracted. This information includes costs down to individual staff level for teaching staff and to cost centre level for school support staff. The individual staff costs are extracted from establishment data used in the budgeting process. All figures are reconcilable back to the published accounts and the 2013/14 TRAC return.

2. Compliance with guidelines/regulations

- The return has been prepared by the University's Reporting Analyst in accordance with the regulations set down by HEFCE for the preparation of the TRAC(T) return. This includes any updated regulations or issues raised at TRAC self help groups organised by the TRAC Development Group and BUFDG.
- The report has been shared with faculties and input received as appropriate.
- A draft report was issued to HEFCE by the end of February. This was followed by a benchmarking exercise with our peer group. This exercise allows for adjustments to be made prior to the final report sign off. The final report was then issued to HEFCE in April 2015.
- 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 results have been reviewed and verified by school managers to allow for any adjustments to be made prior to using the data in the TRAC return.
- The TRAC(T) requirement is for all costs to be allocated based on the relevant HESA Cost centres. Staff HESA cost centres are derived from a report collated by the HR department and then reviewed by school managers at a division level.
- Non-Staff costs are derived from the TRAC return that is sourced from the Agresso finance system at a cost centre level. HESA cost centres are applied on a department level.

- The robustness and accuracy of the data is verified during a reconciliation process by a suitably qualified colleague.
- A member of the Audit Committee has reviewed the TRAC process.

The committee is requested to retrospectively approve the attached return made to HEFCE on 25th April 2015

TRAC(T) 2013-14

Institution: London South Bank University Code: H-0076 UKPRN: 10004078
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This form should be completed by the Head of the institution or an appropriate deputy and not by the individual responsible for completing the return.

With reference to the TRAC(T) data loaded on: 24/04/2015 12:30

I confirm that the data held by the HEFCE for this institution are correct.

I understand that this data may be used by the funding councils to inform their teaching funding methods.

Signed:



Name:

Dr David Phoenix

Position:

Vice Chancellor

Date (dd/mm/yyyy):

24/4/2015

The name and position of the head of institution or appropriate deputy who will be signing this return must be completed before the return is uploaded to the HEFCE extranet (secure area of the HEFCE website). Please print out and fill in the confirmation sheet and then scan and upload this document to the funding councils via the secure area of the HEFCE website no later than Friday 24 April 2015. The funding councils no longer require a paper copy.

This workbook contains two sections: A and B (in 2 worksheets)
 A provides source data for Subject-FACTs
 B is the calculation of Subject-FACTs

Sections A and B are mandatory (part of the TRAC requirements).

Institution: London South Bank University	
Code: H-0076	
UKPRN: 10004078	
Please select the version of guidance you have used to complete this return	Version 5.1 October 2014

A Source Data

MANDATORY

This section should be completed by all institutions.
 The purpose of this section is to provide a reconciliation to the figures returned under annual TRAC.

	£000		
Total expenditure in financial statements	131,658		per annual TRAC report
plus target surplus for sustainable operations	14,160		per annual TRAC report (infrastructure adjustment + return for financing and investment adjustment)
gives TRAC costs	145,818		per annual TRAC report
less Research	13,002		per annual TRAC report
Other	18,536		per annual TRAC report
gives Teaching	114,279		per annual TRAC report
		% of Teaching	
less NPFT	8,791	7.7%	per annual TRAC report
non-Funding Council-fundable PFT	36,237	31.7%	
gives Funding Council-fundable PFT	69,251	60.6%	
		% of Funding Council-fundable	
less non-subject related			
funding proxy	7,930	11.5%	per funding table (Appendix 10 or Appendix 12-2) (note 1)
bursaries (note 2)	1,508	2.2%	actual costs and charges included in financial statements
total non-subject related	9,439	13.6%	
gives Subject-related costs of Funding Council-fundable provision	59,812		

Notes:

1. The funding proxy total should agree to the total costs of non-subject related areas where Funding Council funding is used as the proxy, provided at the bottom of the table in Appendix 10 of the TRAC(T) guidance. The main exceptions to this are listed on the JCPSG website in Part VIII, Section C, paragraph 9 (www.jcpsg.ac.uk/guidance/2008/), and are:
 - institutions with collaborative awards or arrangements
 - three named institutions
 - institutions who are carrying forward or bringing forward some of this income, or who are capitalising it.
 Please note that the figures in Appendix 10 are displayed to the nearest £ and need to be divided by 1000 before entering in this table.
 Appendix 10 for 2013-14 can be found on the JCPSG website (www.jcpsg.ac.uk/guidance/2008/)
 Please give reasons for differences to Appendix 10 in the "Validation" worksheet or on a separate word document if necessary.

2. The non-subject related bursaries figure comprises the actual costs or charges made to the financial statements for bursaries, hardship payments and scholarships of Funding Council-fundable taught students. This should include any bursaries paid from the National Scholarship Programme. Please note that any scholarships relating to research students or non-Funding Council-fundable students should not be included in this figure - those are research costs or non-Funding Council-fundable Teaching costs and should be deducted under the lines "less Research" or "less non-Funding Council-fundable PFT" or "less NPFT" in the table above. Also note that fee waivers should not be included in this figure - they should instead be netted off against income.

A.1 Cost recording methods

MANDATORY

Do you believe that you have met all of the TRAC requirements (once your figures have been benchmarked and reviewed for reasonableness)?

Please select Yes or No from the drop-down list

Yes

To inform their teaching funding methods, the Funding Councils need representative data for the sector (covering all subject areas) on the costs of different subjects. Do you believe that your TRAC(T) figures are fit for the purpose of informing the relevant Funding Councils' teaching funding methods?

Please select Yes or No from the drop-down list

Yes

Do you consider your figures to be robust at the level of department? (Robustness is defined as: meeting the TRAC requirements and recording academic time allocation data that are statistically robust at the level of department)

Please select Yes or No from the drop-down list

Yes

Do you produce a cost per student by department for use by institutional managers?

Please select Yes or No from the drop-down list

No

Are you reporting that you recover more than 105% of your costs on PFT activity on your Annual TRAC return and if so have you assessed the impact of this on your Subject-FACTs?

Please select Yes, No or n/a from the drop-down list

No

Institution: London South Bank University
 Code: H-0076
 UKPRN: 10004078

B. Report to Funding Councils

MANDATORY

This section should be completed by all institutions.

The purpose of this section is to collect the information that could be used by the Funding Councils.

		Price groups in use for 2013-14 reporting	Total subject- related costs of Funding Council- fundable provision (a) £000	Funding Council- fundable student FTEs from HESA (b) FTEs	Subject-FACTS (c)=(a)/(b)*1000 £
HESA academic cost centre					
101	Clinical medicine	A	0	0.00	0
		B	0	0.00	0
		Total	0	0.00	0
102	Clinical dentistry	A	0	0.00	0
		B	0	0.00	0
		Total	0	0.00	0
103	Nursing and allied health professions		2,536	260.58	9,733
	Professional qualifications (Scottish institutions only)		0	0.00	0
		Total	2,536	260.58	9,733
104	Psychology and behavioural sciences		2,542	323.80	7,849
105	Health and community studies		551	56.59	9,739
106	Anatomy and physiology		0	0.00	0
107	Pharmacy and pharmacology		0	0.00	0
108	Sports science and leisure studies		762	79.00	9,639
109	Veterinary science	A	0	0.00	0
		B	0	0.00	0
		Total	0	0.00	0
110	Agriculture, forestry and food science		0	0.00	0
111	Earth, marine and environmental sciences		0	0.00	0
112	Biosciences		3,021	306.52	9,855
113	Chemistry		0	0.00	0
114	Physics		0	0.00	0
115	General engineering		1,808	183.21	9,871
116	Chemical engineering		2,796	307.19	9,103
117	Mineral, metallurgy and materials engineering		0	0.00	0
118	Civil engineering		2,469	274.99	8,978
119	Electrical, electronic and computer engineering		2,498	255.60	9,771
120	Mechanical, aero and production engineering		3,294	405.47	8,123
121	Information technology, systems sciences and computer software engineering		2,990	338.77	8,827
122	Mathematics		0	0.00	0
123	Architecture, built environment and planning		7,747	939.20	8,249
124	Geography and environmental studies		0	0.00	0
125	Area studies		0	0.00	0
126	Archaeology		0	0.00	0
127	Anthropology and development studies		121	17.49	6,926
128	Politics and international studies		0	0.00	0
129	Economics and econometrics		0	0.00	0
130	Law		3,038	394.28	7,705
131	Social work and social policy	C2	1,482	193.09	7,673
		D	0	0.00	0
		Total	1,482	193.09	7,673
132	Sociology		2,786	357.83	7,786
133	Business and management studies		11,932	1,440.70	8,282
134	Catering and hospitality management		891	99.50	8,955
135	Education	C2	223	29.00	7,692
		D	521	68.36	7,617
	Professional qualifications (Scottish institutions only)		0	0.00	0
		Total	744	97.36	7,639
136	Continuing education		0	0.00	0
137	Modern languages		0	0.00	0
138	English language and literature		802	115.38	6,953
139	History		0	0.00	0
140	Classics		0	0.00	0
141	Philosophy		0	0.00	0
142	Theology and religious studies		0	0.00	0
143	Art and design		2,173	311.33	6,980
144	Music, drama, dance and performing arts		1,407	184.89	7,611
145	Media studies		1,421	177.67	7,996
Total in HESA academic cost centres			59,811	7,120.45	8,400
999	Cost centre not assignable			0.00	
Total			59,811	7,120.45	8,400

TRAC(T) 2013-14 Validation report

Your workbook has passed all validation checks

Please ensure that your return shows "Validation passed" for checks 1 to 7 before submitting your workbook to HEFCE.

1. The name and title of the Head of institution or accountable officer who will be signing this return should be entered on the "Sign-off" worksheet.

Validation passed

2. The version of guidance used for this return should be selected on the "SectionA" worksheet.

Validation passed

3. Total subject-related costs of Funding Council-fundable provision in Section A should equal those returned in Section B.

Validation passed

4. The cost of bursaries should be completed in Section A. If you have a genuine reason for having no bursary costs please provide commentary in the box below.

Validation passed

Comments box on no bursary costs.

5. Section A.1 is mandatory and should be completed.

Validation passed

6. Funding proxy figures provided in Section A should agree to the total provided in Appendix 10/Appendix 12-2. If you have a genuine reason for altering the income proxy figure used (eg. institutions with collaborative awards) please provide commentary on this in the box below.

Validation passed

Comments box on funding proxy differences.

7. Section B should not be showing cost centre(s) with costs but no students, or students but no costs. If it is, please amend or provide commentary on this in the box below.

Validation passed

Comments box on cost centre(s) with costs but no students, or students but no costs.

Data will be subject to some additional validation checks on submitting the data to HEFCE. The results of these will appear below in the results package.

8. Total expenditure reported in Section A should equal total expenditure returned through the annual TRAC return in January 2015.

Validation passed

9. Target surplus for sustainable operations (total cost adjustments) reported in Section A should equal the target surplus for sustainable operations returned through the annual TRAC return in January 2015.

Validation passed

10. Research costs reported in Section A should equal Research costs returned through the annual TRAC return in January 2015.

Validation passed

11. Other costs reported in Section A should equal Other costs returned through the annual TRAC return in January 2015.

Validation passed

12. NPFT costs reported in Section A should equal NPFT costs returned through the annual TRAC return in January 2015.

Validation passed

13. The cost of bursaries reported in section A should be less than or equal to the cost of bursaries returned in Table 7 of the HESA Finance Statistic Return in December 2014.

Data warning Bursaries returned in your 2013-14 HESA return are £0k.

If you find that any of the data returned in your annual TRAC return at the end of January 2015 are incorrect please contact Henry Dorrian (e-mail: h.dorrian@hefce.ac.uk, tel: 0117 931 7259).

London South Bank University

Appendix E - Sign-off structure for statutory returns

From: The XXXXXX

To: The Vice Chancellor

CC:

- o Chief Financial Officer
- o Head of Business Intelligence Unit

As Head of Financial Planning (service) I confirm that the data for the TRAC CT return has been checked prior to submission, all queries and internal validation checks have been investigated and to the best ability of this section, I confirm that this submission is complete and correct.

The following items require further work to meet full assurance standards:

Item (to be identified from the data quality spreadsheet)	Target date for full compliance
NONE	

Leif Sanders

Signed

Data Steward

R. P. [Signature]

24/4/15

Signed (for compliance oversight)

Head of Business Intelligence Unit

Peer Groups for annual TRAC, TRAC fEC and TRAC (T) benchmarking 2013/14

Criteria (references to income are to 2004/05 data)

Peer group A: Russell Group (all have medical schools) excluding LSE plus specialist medical schools

Peer group B: All other institutions with Research income of 22% or more of total income

Peer group C: Institutions with a Research income of 8%-21% of total income

Peer group D: Institutions with a Research income of between 5% and 8% of total income and those with a total income > £120m

Peer group E: Teaching institutions with a turnover of between £40m and £119m

Peer group F: Smaller teaching institutions

Peer group G: Specialist music/arts teaching institutions

Peer Group E

H-0047 Anglia Ruskin University

H-0026 University of Bedfordshire

H-0049 University of Bolton

H-0050 Bournemouth University

H-0009 Buckinghamshire New University

H-0012 Canterbury Christ Church University

H-0011 University of Chester

H-0056 Coventry University

H-0038 University of Cumbria

H-0057 University of Derby

H-0058 University of East London

H-0016 Edge Hill University

H-0061 University of Huddersfield

H-0062 University of Lincoln

H-0023 Liverpool Hope University

H-0076 London South Bank University

H-0027 University of Northampton

H-0031 Roehampton University

H-0037 Southampton Solent University

H-0077 Staffordshire University

H-0078 University of Sunderland

H-0079 University of Teesside

H-0080 Thames Valley University

H-0105 University of the West of Scotland

TRAC (T) 2013-14: summary

APPENDIX 3

Institution: London South Bank University
 Code:10004078
 Peer group: E
 Date produced: 02/04/2015

Number of institutions who responded to sections A and B
 Peer group E: 37
 Sector: 146

B. Subject-related Full Average Costs of Teaching a Student (Subject-FACTS) (£ per student)

HESA academic cost centre	Institution	Price groups currently in use	Subject-FACTS	Peer group E				Sector							
				Number of HEIs	Average (mean) FTE of FC-	1st Quartile	Median value	3rd Quartile	Number of HEIs	Average (mean) FTE of FC-	1st Quartile	Median value	3rd Quartile		
101 Clinical medicine		A	0	0				17	687	18,321	15,435	18,668	20,303		
		B	0	0				18	353	12,723	10,214	12,298	15,917		
		Total	0	0				38	886	15,252	12,550	14,689	16,744		
102 Clinical dentistry		A	0	0				10	214	16,487	13,666	14,923	21,479		
		B	0	0				8	60	11,536	8,315	12,029	16,895		
		Total	0	0				16	329	17,264	13,371	16,528	21,342		
103 Nursing and allied health professions Professional qualifications (Scottish institutions only)			9,733	19	203	7,629	6,405	7,240	8,508	69	203	7,824	6,745	7,517	8,776
			0	1						8	877	6,700	5,895	6,764	7,445
		Total	9,733	19	292	7,660	6,405	7,240	8,508	72	312	7,484	6,751	7,537	8,800
104 Psychology and behavioural sciences			7,849	30	366	6,968	6,353	6,939	7,974	105	459	7,133	6,353	7,034	7,985
105 Health and community studies			9,739	23	240	6,990	6,077	7,112	8,096	59	226	7,320	6,405	7,640	9,864
106 Anatomy and physiology			0	4						27	304	9,013	7,228	9,121	10,629
107 Pharmacy and pharmacology			0	3						39	355	8,738	7,840	8,931	9,745
108 Sports science and leisure studies			9,639	31	457	7,086	6,445	6,965	7,909	68	463	6,923	6,218	6,972	8,099
109 Veterinary science		A	0	0						4					
		B	0	0						7	76	9,648	5,126	7,195	12,397
		Total	0	0						12	332	19,861	5,840	17,192	20,774
110 Agriculture, forestry and food science			0	5	553	10,007	8,760	9,304	10,848	24	261	9,807	7,606	8,766	9,987
111 Earth, marine and environmental sciences			0	10	129	8,573	6,469	8,603	10,356	59	239	10,060	8,173	9,566	10,860
112 Biosciences			8,855	23	294	8,264	7,609	8,240	9,855	104	612	9,001	7,841	8,724	9,986
113 Chemistry			0	5	190	7,159	6,941	7,067	7,840	58	300	9,768	8,058	9,369	10,687
114 Physics			0	2						47	310	9,878	8,528	9,582	11,001
115 General engineering			9,871	8	188	9,400	8,226	9,796	11,131	40	288	9,836	7,737	9,440	10,464
116 Chemical engineering			9,103	2						21	219	8,527	7,701	9,103	9,979
117 Mineral, metallurgy and materials engineering			0	3						18	153	11,284	9,853	10,747	11,873
118 Civil engineering			8,978	6	152	8,320	7,306	8,245	9,899	47	244	9,183	8,274	9,229	10,201
119 Electrical, electronic and computer engineering			9,771	12	272	8,298	7,025	7,562	9,860	69	254	9,235	8,209	9,792	10,545
120 Mechanical, aero and production engineering			8,123	10	246	9,521	7,144	8,166	11,579	58	446	9,333	8,201	9,307	10,226
Information technology, systems sciences and computer software engineering			8,827	23	429	7,910	7,118	7,839	8,744	101	441	8,062	7,326	8,271	9,299
122 Mathematics			0	9	96	6,734	5,971	6,685	7,805	73	379	7,149	6,384	7,072	7,902
123 Architecture, built environment and planning			8,249	10	241	8,835	7,560	8,384	9,064	64	421	8,667	7,474	8,557	9,150
124 Geography and environmental studies			0	12	109	6,916	6,015	6,464	8,511	60	265	7,936	6,826	7,909	8,833
125 Area studies			0	1						13	144	8,012	6,327	7,331	8,972
126 Archaeology			0	5	88	9,101	5,750	6,120	11,841	29	102	8,491	6,503	7,984	8,871
127 Anthropology and development studies			6,926	2						20	144	7,143	6,100	6,992	7,463
128 Politics and international studies			0	9	151	6,142	5,944	6,332	6,579	75	308	6,525	5,646	6,381	7,188
129 Economics and econometrics			0	3						62	324	6,639	5,686	6,292	6,888
130 Law			7,705	22	329	6,548	6,129	6,848	7,259	94	530	6,699	5,755	6,630	7,358
131 Social work and social policy		C2	7,673	11	123	7,816	6,593	7,065	7,357	35	166	7,589	6,560	7,202	8,156
		D	0	9	180	5,587	5,414	5,892	6,936	43	186	6,875	5,709	6,931	7,903
		Total	7,673	20	289	7,017	6,318	6,958	7,515	77	278	7,089	6,303	6,982	7,950
132 Sociology			7,786	20	215	6,297	5,626	6,412	6,985	85	303	6,463	5,709	6,388	7,080
133 Business and management studies			8,282	32	790	6,978	6,072	6,950	8,054	117	1,045	6,805	6,017	6,836	7,858
134 Catering and hospitality management			8,955	7	431	8,266	7,119	8,009	8,955	25	365	7,156	5,430	7,484	8,009
135 Education		C2	7,692	9	164	7,403	6,746	7,689	8,432	27	246	7,445	6,673	7,580	8,432
		D	7,617	19	463	6,966	5,858	6,803	7,311	54	374	7,167	6,173	7,083	8,730
		Total	7,639	29	539	7,019	6,288	7,047	7,776	89	475	7,288	6,501	7,311	8,730
136 Continuing education			0	2						18	103	7,416	6,114	7,286	10,338
137 Modern languages			0	10	98	8,593	6,751	7,947	9,111	78	378	7,840	6,751	7,546	8,551
138 English language and literature			6,953	27	237	6,824	5,506	6,166	7,918	98	383	7,017	5,904	6,590	7,977
139 History			0	21	169	6,076	5,388	5,998	6,426	90	339	6,756	5,656	6,344	7,402
140 Classics			0	1						22	191	7,801	6,258	6,834	7,713
141 Philosophy			0	6	39	8,114	6,219	7,797	8,708	52	149	6,871	5,751	6,490	7,719
142 Theology and religious studies			0	14	102	7,047	6,116	7,524	9,090	40	112	7,864	6,040	7,374	8,842
143 Art and design			6,980	26	427	9,200	7,261	8,530	9,600	89	775	8,883	7,605	8,776	9,781
144 Music, drama, dance and performing arts			7,611	27	344	7,654	6,648	7,428	8,490	105	365	9,032	7,511	8,649	10,056
145 Media studies			7,996	29	409	7,759	7,262	7,969	8,522	91	437	7,892	6,578	7,946	8,606

Number of institutions who responded to sections A and B

Peer group E	Sector
37	146

A.1 Cost recording methods

Do you believe that you have met all of the minimum requirements (once your figures have been benchmarked and reviewed for reasonableness)?

Institution response	Peer group E	Sector
% of respondents who said yes to this question	100.0%	100.0%

To inform their teaching funding methods, the Funding Councils need representative data for the sector (covering all subject areas) on the costs of different subjects. Do you believe that your TRAC(T) figures are fit for the purpose of

Institution response	Peer group E	Sector
% of respondents who said yes to this question	91.9%	90.4%

Do you consider your figures to be robust at the level of department? (Robustness is defined as: meeting the TRAC requirements and recording academic time allocation data that are statistically robust at the level of department)

Institution response	Peer group E	Sector
% of respondents who said yes to this question	83.8%	87.0%

Do you produce a cost per student by department for use by institutional managers?

Institution response	Peer group E	Sector
% of respondents who said yes to this question	37.8%	43.8%

A.2 Teaching costs by activity

	Institution	Peer group E				Sector			
		Mean	1st Quartile	Median value	3rd Quartile	Mean	1st Quartile	Median value	3rd Quartile
% of Teaching									
NPFT	7.7%	13.7%	4.7%	9.1%	15.5%	20.4%	9.0%	16.6%	24.3%
non-FC-fundable	31.7%	19.4%	10.2%	20.8%	30.6%	11.2%	3.2%	9.6%	16.9%
FC-fundable	60.6%	66.9%	58.8%	68.7%	77.9%	68.4%	62.7%	69.9%	77.9%
% of FC-fundable Teaching									
bursaries	2.2%	3.7%	2.3%	3.6%	4.6%	4.9%	2.4%	4.1%	6.2%
other non-subject	11.5%	7.7%	6.0%	7.4%	8.6%	5.9%	4.3%	6.3%	8.8%
subject-related	86.4%	88.5%	86.6%	88.2%	90.9%	89.2%	86.2%	89.1%	91.6%