

	PAPER NO: AC.57(12)	
Board/Committee:	Audit Committee	
Date:	30 October 2012	
Paper title:	Annual Internal audit report	
Author:	Richard Flatman, Executive Director of Finance	
Executive sponsor:	Richard Flatman, Executive Director of Finance	
<b>Recommendation by the Executive:</b>	The Executive recommends that committee note the revised annual report of the internal auditors.	
Aspect of the Corporate Plan to which this will help deliver?	Creating an environment in which excellence can thrive.	
Matter previously considered by:	Audit Committee	Draft for 2011/12 reviewed at September Audit Committee.
Further approval required?	N/A	N/A
Communications – who should be made aware of the decision?	HEFCE	

### **Executive summary**

A draft report was reviewed in detail at the September meeting. The conclusions remain unchanged but the wording regarding risk management on page 3 has been updated to reflect the discussion at the last meeting.

**London South Bank**  
University

***Internal Audit***  
***Annual Report***  
***2011/2012***

October 2012

Final



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## Distribution List

For action	Richard Flatman, Executive Director of Finance
For information	James Stevenson, University Secretary

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# 1. *Executive summary*

## *Background*

The Model Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and institutions requires that the Head of Internal Audit provides a written report and annual internal audit opinion to the Audit Committee. As such, the purpose of this report is to present our view on the adequacy and effectiveness of:

- Risk management, control and governance; and
- Economy, efficiency and effectiveness (value for money) arrangements.

Whilst this report is a key element of the framework designed to inform the Audit Committee's Annual Report to HEFCE, there are also a number of other important sources to which the Audit Committee should look to gain assurance. This report does not override the Audit Committee's responsibility for forming their own view on governance, risk management, control and value for money arrangements.

This report covers the period to the financial year ended 31 July 2012. The specific time period covered by our work for each individual audit is recorded at Section Three.

## *Scope*

Our findings are based on the results of the internal audit work performed as set out in the Internal Audit Strategic and Operational Plan 2010-2013, 2011/12 update approved by the Audit Committee on 21 September 2011 and the additional review requested on Student Data Quality. We have also performed an investigation into an erroneous payroll payment, which occurred in March 2012.

Our opinion is subject to the inherent limitations of internal audit (covering both the control environment and the assurance over controls) as set out in Appendix One.

Our work was designed to comply with the Model Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and institutions. The Model Financial Memorandum between the Higher Education Funding Council for England (HEFCE) and institutions is not designed or intended to conform to the International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board. As a consequence our work was not designed to comply with the International Standards on Assurance Engagements.

## *Opinion*

Our opinion is based on our assessment of whether the controls in place support the achievement of management's objectives as set out in our Internal Audit Strategic and Operational Plan 2010-2013 and 2011/12 update.

We have completed the program of internal audit work for the financial year ended 31 July 2012 as agreed in our Internal Audit Operational Plan for 2011/12.

During the course of our work, we were made aware of an anomaly with regards to the processing of payroll that we believe has implications with respect to London South Bank University's control framework. This matter is described further in Section Two of this report.

Except for the areas noted below, we believe London South Bank University has adequate and effective arrangements to address the risk that management's objectives are not achieved in respect of:

- Risk management, control and governance; and
- Value for money arrangements.

We have provided further commentary in respect of each of these areas and Data Quality at Section Two below. We note however that significant improvements are specifically required in respect of the following matters identified during our work:

- Ensuring that adequate arrangements are in place to ensure compliance with the Bribery Act 2010, including but not limited to the performance of a corporate risk assessment, and the revision of contracts with overseas student recruitment agencies in light of this legislation;
- Ensuring that systems and processes are in place to ensure that the HESA and HESES data returns submitted to HEFCE is both accurate and complete; and
- Discouraging members of staff from sharing their user access credentials with other employees, and ensuring that staff are aware of the requirement to ensure their PC terminals are appropriately secure prior to leaving their desk for any period of time.

The full and timely implementation of audit recommendations is essential to ensuring that a well functioning system of internal control is maintained. There appear to be significant opportunities for improvement in this area, with 34% of the recommendations followed up in 2011/12 having not being fully implemented by the agreed date. We are pleased to note that a large number of these recommendations have been subsequently implemented and we recommend that the timely implementation of agreed actions should be an area of continued focus in 2012/13. Further detail is provided at Section Four.

Comparing the volume and risk rating assigned to recommendations year on year however is indicative of an improvement in the overall control environment. As shown at Section Three, there has been a significant reduction in the number of medium risk recommendations raised. Whilst we have identified an increased number of low risk recommendations year on year, the overall volume of recommendations has reduced.

## 2. Summary of findings

We completed nine internal audit reviews in 2011/12. This resulted in the identification of five high, nine medium and eighteen low risk findings. A summary of our key findings is presented below, mapped to each of the areas of Audit Committee responsibility.

### *Risk Management, Control and Governance*

Our work in relation to Risk Management, Control and Governance indicates that the University's overarching mechanisms for ensuring the regularity and propriety of activity are largely sound. This is consistent with our findings from the previous year during which we observed an improving control environment. There remain however opportunities for management to improve this framework and provide more robust assurance in some respects. Key areas for improvement which we have identified in the course of our internal audit programme include:

- *Further Improving the University's strategic approach to risk management;*  
Our review of risk management practices recommended that the University further develop its risk management approach. Our view is that the University should ensure that it focuses upon only those risks which are substantially under the control of the institution in order to maximise the impact of mitigating controls, but management and the Audit Committee are content at this stage to include all risks facing the university. This is a comprehensive approach to risk identification and management and our audit work confirms that the direction of travel for the risk management strategy as a whole is positive.
- *Developing responses to the Bribery Act 2010*  
The Bribery Act 2010 requires all organisations to implement 'reasonable procedures' to prevent either its employees or 'associated persons' from committing such offences. In an increasingly global higher education marketplace, it is vital the institution takes all necessary steps to ensure compliance with the Act.

Whilst acknowledging that the University has taken steps to communicate the act and revise relevant policies, this work is not supported by a coordinated assessment of the University's risk exposure. We recommended this was performed as part of our review in January 2012.

We further noted in the course of our review of controls in place over external recruitment contractors that the University had yet to revise its contracts with these 'associated persons' in light of the Bribery Act legislation. We recommend that these are revised as a matter of priority.

- *Improving compliance with financial processes and procedures*  
Against a backdrop of continuing economic turbulence and the associated pressures on both HEFCE funding and tuition fee income, effective financial control will continue to be vital to the success of the institution. Our rolling financial controls programme identified that opportunities remain to improve the overall control framework and levels of process compliance, particularly in relation to the payroll and accounts payable cycle.

We note that the change of staff and consequent failure of payroll controls in March 2012 led to the processing of an overpayment totalling circa £139,000. Whilst the overpayment has been recovered in full, this has raised concerns regarding compliance with agreed controls. At the request of management we performed a separate investigation in respect of this matter, the outcomes of which have been used to inform our continuous auditing programme and were reported to Audit Committee in June 2012.

A further indicator of a strong compliance culture is the prompt implementation of audit recommendations. We have identified deterioration in compliance with timely implementation compared to the prior year which is a key indicator of compliance across the organisation generally. Going forward in to 2012/13, we will work with management to support them in the implementation of these recommendations, sharing sector best practice to further improve this aspect of the University's control framework.

## *Value for Money*

The HEFCE Accountability and Audit Code of Practice makes reference to the duty of care institutions have to ensure the proper use of public funds and the achievement of value for money. Accordingly, our audit approach considers value for money as an integral objective of the University's systems of internal control.

In the current year our audit work has considered value for money across a range of areas. These include

- *Research and Enterprise management*  
Our review assessed the design and effectiveness of controls in place to ensure that research and consultancy projects are properly approved in line with University policy. Our review identified a number of opportunities to improve the management of such projects, however we were satisfied that these do not impact significantly upon the achievement of value for money from such activity.
- *Management of external contractors*  
Our work in this area identified no weaknesses with regards to the measures in place to review and scrutinise the performance of external contractors and ensure that invoices are only paid following the satisfactory delivery of services.
- *Financial Controls*  
In the course of our continuous audit work we test the operating effectiveness of controls in place designed to ensure transactions are approved and reviewed in accordance with the University's delegated authority framework. Our work concluded that the majority of the University's financial controls appear to be operating effectively, however there are opportunities to improve compliance in this area.

Notwithstanding the above areas to improve the University's processes for ensuring the achievement of value for money, our work indicates that the processes in place to ensure value for money is achieved are in accordance with good practice.

## *Data Quality*

The Financial Memorandum includes a mandatory requirement for quality assurances to be provided by Institutions over the data submitted to the Higher Education Statistics Agency (HESA) and HEFCE.

Whilst there is no requirement for our internal audit programme to provide a conclusion in respect of data quality, our internal audit programme in 2011/12 has been designed to support the audit committee in forming its conclusion in respect of such matters. The results of our work in relation to HESA data submission processes reviewed in year are summarised below:

- *HESA Staff Return*  
We identified no weaknesses in the controls designed to support the accurate and complete submission of staff information in accordance with HESA guidelines.
- *HESES and HESA Student Information*  
Our work identified a number of opportunities to improve the systems and processes designed to support the accuracy of submitted HESES and HESA data relating to student intake. In particular, there are opportunities to target the review of this data to identify potentially anomalous source information. This report was one of two whereby the system was classified as 'High Risk' in the current year (the other being the Bribery Act report, the findings of which have been referred to previously above).

A complete summary of the internal audit work performed in year, the recommendations raised and overall risk rating awarded in respect of each review is provided at section three.

To further assist the Audit Committee in understanding how our work corresponds to their reporting responsibilities, we have mapped our work against these areas at Appendix 3

## *Acknowledgement*

We would like to take this opportunity to thank London South Bank University staff, for their co-operation and assistance provided during the year.

# 3. Internal Audit work conducted

## Introduction

The table below sets out the results of our internal audit work and implications for next year's plan. We have also provided an analysis of findings identified year on year to provide an indicative direction of travel.

The criteria for our report classifications and the definitions applied in the assessment of our individual findings are included at Appendix Two.

We have also included a comparison between planned internal audit activity and actual activity, for the purposes of budgeting and forward planning.

## Results of individual assignments

Note that no overarching classification is assigned in respect of our rolling financial controls audits, and the Number of findings reflects only the number of control design improvements recommended in the quarter. A more detailed breakdown of the results of our continuous auditing work is provided separately following this table.

Audit review	Report status	Report classification and period covered	Number of findings			
			Critical	High	Medium	Low
Continuous Auditing of Key Financial Systems <b>Q4 2010/11</b>	Final	No classification 1 May to 31 July 2011	0	0	0	0
HESA Staff Return	Final	<b>Low Risk</b> HESA Staff Return for 2010/11	0	0	0	0
Student Residences	Final	<b>Low Risk</b> 1 August to 13 December 2011	0	0	0	0
Continuous Auditing of Key Financial Systems <b>Q1 2011/12</b>	Final	No classification 1 August to 31 October 2011	0	0	0	1
Risk Management	Final	<b>Medium Risk</b> 1 January to 29 February 2012	0	0	4	0
Management of Representative Partners for International Students	Final	<b>Medium Risk</b> 1 October 2011 to 31 January 2012	0	1	0	1
Continuous Auditing of Key Financial Systems <b>Q2 2011/12</b>	Final	No classification 1 November 2011 to 31 January 2012	0	0	0	0
Bribery Act 2010	Final	<b>High Risk</b> 1 October 2011 to 31 January 2012	0	1	1	3



Delegated Authority Arrangements	Final	<b>Medium Risk</b> 1 October 2011 to 31 January 2012	0	0	2	6
Continuous Auditing of Key Financial Systems <b>Q3 2011/12</b>	Final	No classification 1 February to 30 April 2012	0	1	0	0
Research	Final	<b>Medium Risk</b> 1 August 2011 to 31 July 2012	0	0	1	7
Student Data Quality	Final	<b>High risk</b> N/A; our review considered the HESA 2010/11 and HESES 2011/12 returns	0	2	1	0
<b>Total</b>			<b>0</b>	<b>5</b>	<b>9</b>	<b>18</b>

### *Further analysis; continuous audit programme*

Whilst no overarching classification is assigned in respect of our continuous auditing reports, we have below summarised the systems ratings assigned and number of operating effectiveness exceptions identified in each financial quarter under consideration as part of the 2011/12 audit programme.

System	Direction of Travel	Q3 2011/12	Q2 2011/12	Q1 2011/12	Q4 2010/11
Payroll	↓	● Red (6)	● Green (2)	● Green (2)	● Green (0)
Accounts payable	↔	● Amber (1)	● Amber (2)	● Amber (2)	● Amber (3)
Accounts receivable	↓	● Amber (1)	● Green (1)	● Green (2)	● Green (1)
Cash	↔	● Green (1)	● Green (2)	● Green (1)	● Green (1)
Student financial data	↔	● Green (0)	● Green (1)	● Green (1)	● Green (0)

### *Direction of travel; overall findings*

Finding rating	Trend	Number of findings	
		2011/12	2010/11
Critical	↔	0	0
High	↑	5	6
Medium	↑	9	24
Low	↓	18	5
<b>Total</b>	↑	<b>32</b>	<b>35</b>

### *Implications for management*

The results of our trend analysis are indicative of an overall improvement in the control environment versus last year, with a significant reduction in the number of medium risk recommendations raised. Whilst we have identified an increased number of low risk recommendations year on year, the overall volume of recommendations has reduced.

Whilst acknowledging that the direction of travel is positive overall, it should be noted that tangible improvements will only be achieved to the University's risk management framework are contingent upon timely actions being taken to address the findings identified in the course of our work. The results of our follow up work, as previously noted and summarised at Section Four, indicate a decline in performance in this area.

### *Implications for next year's plan*

As a result of our investigation into the erroneous payroll payment in March 2012, we recommend that our IT specialists undertake an IT Data Security review to cover the access controls over the key financial systems of the University during 2012/13. The review would consider the design of the controls in place to prevent unauthorised access and changes to IT systems, and whether these controls are operating in practice.

## Comparison of planned and actual activity

<i>Audit review</i>	<i>Budgeted days</i>	<i>Actual days</i>
<b>Full scope value protection reviews</b>		
Continuous Auditing of Key Financial Systems	10	10
HESA Staff Return	5	5
Student Residences	7	7
Continuous Auditing of Key Financial Systems	10	10
Risk Management	13	13
Management of Representative Partners for International Students	5	5
Continuous Auditing of Key Financial Systems	10	10
Bribery Act 2012	5	5
Delegated Authority Arrangements	10	10
Continuous Auditing of Key Financial Systems	13	13
Research	10	10
Value for Money Arrangements	2	2
<b>Total audit reviews per plan</b>	<b>100</b>	<b>100</b>
Planning, contract management, reporting and follow up	14	14
<b>Specialist additional reviews performed</b>		
Student Data Quality	10	10
	<b>124</b>	<b>124</b>

*Note in addition to the above we performed an investigation in respect of a payroll overpayment processed in March 2012, this was billed to the institution as an additional twelve internal audit days, but is not considered to form part of our internal audit programme in 2011/12.*

*Appendix Four provides further details on our performance of this work in accordance with our agreed KPIs.*

## 4. Follow up work conducted

### Introduction

Within the Internal Audit Strategic and Operational Plan 2010-2013, 2011/12 update, five days were assigned for following up recommendations previously raised and falling due for implementation.

To provide regular and timely insight with regards to management's progress in this area, we performed and reported on the results of our follow up work on a quarterly basis. Where recommendations were classified as low risk, our follow up was limited to discussing progress with management and accepting their assurances with regards to the implementation status.

The table below summarises the findings of our follow up work each quarter and is not indicative of the total number of actions due as at the date that this report has been issued.

### Results of follow up work

Quarter	Actions due for follow up	Status of agreed actions			
		Fully implemented	Ongoing	Not implemented	No longer relevant
1	17	11	2	1	3
2	4	2	2	-	-
3	9	3	6	-	-
4	5	4	1	-	-

### Summary

We have observed during the year that in a high proportion of instances management have not been able to provide reasons with regards to the delay in implementing agreed recommendations. Whilst acknowledging that of the above recommendations only three remain in progress as at year end and three have been agreed to be no longer relevant, timely action to address control weaknesses identified is central to the maintenance of a sound control environment.

We will work collaboratively with management in 2012/13 to ensure that implementation timescales agreed in respect of recommendations raised in year are achievable, taking in to account any known or expected changes in the University's processes, or regulatory requirements.

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# *Appendices*

# Appendix 1: Limitations and responsibilities

## *Limitations inherent to the internal auditor's work*

We have prepared the Internal Audit Annual Report and undertaken the agreed programme of work as agreed with management and the Audit Committee, subject to the limitations outlined below.

## *Responsibilities of management and internal auditors*

It is management's responsibility to develop and maintain sound arrangements and systems for risk management, internal control and governance. Additionally, management is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance. Management is responsible for review regularly the adequacy and effectiveness of these arrangements.

Management is responsible for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibility for the design and operation of these controls.

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

## *Opinion*

The opinion is based on the work undertaken as part of the agreed Internal Audit Strategic and Operational Plan 2010-2013, 2011/12 update, which provided for 11 internal audits in 100 days. Two additional reviews performed in addition to this plan and at the request of management (detailed at Section Three) have also been considered in formulating our opinion. The work addressed the control objectives agreed for each individual internal audit assignments as set out in our Individual Assignment Reports

There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual audits was extended or other relevant matters were brought to our attention.

## *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 relating to London South Bank University is for the year ended 31 July 2012. Historic evaluation of effectiveness may not be 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.

# Appendix 2: Basis of our opinion and classifications

## Assignment Report classifications

Assignment report classifications are determined by allocating points to each of the findings included in the report:

<i>Findings rating</i>	<i>Points</i>
<b>Critical</b>	40 points per finding
<b>High</b>	10 points per finding
<b>Medium</b>	3 points per finding
<b>Low</b>	1 point per finding

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

## Individual finding ratings

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



# Appendix 3: Mapping of internal audit work

## Reporting responsibilities

The table below maps our internal audit work against the Audit Committee's reporting responsibilities.

<i>Audit Unit</i>	<i>Governance</i>	<i>Risk management</i>	<i>Control</i>	<i>Value for money</i>	<i>Data submission</i>
Continuous Auditing of Key Financial Systems	N/A	✓	✓	✓	✓
HESA Staff Return	N/A	N/A	✓	N/A	✓
Student Residences	N/A	✓	✓	N/A	N/A
Risk Management	✓	✓	N/A	N/A	N/A
Management of Representative Partners for International Students	✓	✓	✓	✓	N/A
Bribery Act 2010	✓	✓	✓	N/A	N/A
Delegated Authority Arrangements	✓	✓	✓	N/A	N/A
Research	✓	✓	✓	✓	N/A
Student Data Quality	✓	✓	✓	N/A	✓

### Key

- ✓ Testing focused on this area
- ✓ Testing was peripheral
- N/A Not tested

## Data submission

It is of particular note that the Audit Committee's Annual Report must include an opinion on the adequacy and effectiveness of arrangements for the management and quality assurance of data submissions to the Higher Education Statistics Agency, HEFCE and other funding bodies. To assist the Audit Committee prepare its Annual Report, we have outlined above where our work assessed the arrangements for the management and quality assurance of data submissions (see the table on this page). We provide no conclusions or opinion on data quality.

# Appendix 4: Performance of internal audit

## Key Performance Indicators

We agreed a suite of Key Performance Indicators (KPIs) with management and the Audit Committee. Our performance against each KPI is shown in the table below. These highlight the focus of our work and the standard attained:

<b>Audit Stage</b>	<b>Delivery</b>	<b>Progress as at August 2012</b>
<b><u>Production of Annual Internal Audit Plan</u></b>	The annual internal audit plan will be produced for the June Audit Committee. The plan will be risk based and linked to the University's Risk Register. Once the plan is approved by the Audit Committee any further material changes must be approved by the Committee.	Achieved, the plan was presented and approved by Audit Committee on 20 <sup>th</sup> June 2012.
<b><u>Terms of Reference</u></b>	All internal audit Terms of Reference will be agreed with the audit sponsor at least 1 week before the fieldwork start date.	The Terms of Reference in respect of our Bribery Act 2010 review were not issued as final prior to the start of work due to a delay in receiving management responses.  All other Terms of References have been issued in final at least one week prior to the beginning of audit fieldwork.
<b><u>Fieldwork</u></b>	All audit fieldwork will be recorded on our electronic working paper system.	Achieved.
<b><u>Exit meeting</u></b>	An exit meeting will be held at the end of each audit to discuss the audit findings and recommendations with the audit sponsor.	Achieved.
<b><u>Draft report</u></b>	The draft report will be issued to the audit sponsor and Executive Director of Finance within 10 working days of the completion of fieldwork.	Achieved.
<b><u>Management response</u></b>	The audit sponsor will provide the engagement manager with a complete written response to the internal audit report within 10 days of receipt of the draft report. Where there is disagreement over the report or recommendations, these must be resolved within 10 working days of the problem being highlighted.	Late response in respect of four reports.
<b><u>Final report</u></b>	The final report will be issued to the audit sponsor and Executive Director of Finance within 5 working days of receiving the management response. The final report will include a schedule identifying responsibility and a timescale for implementation of the recommendations.	Achieved.

<b>Audit Stage</b>	<b>Delivery</b>	<b>Progress as at August 2012</b>
<b><u>Audit Committee</u></b>	The engagement manager or Head of Internal Audit will provide an internal audit update report to each Audit Committee (unless requested not to) and an internal audit annual report to the Audit Committee each year.	Achieved. Reports provided to September 2011, November 2011 and February 2012 and June 2012 Audit Committees.
<b><u>Pre Audit Committee meetings</u></b>	The engagement manager will meet with the Executive Director of Finance a minimum of 3 weeks before each Audit Committee to discuss progress and reports to be presented to the Audit Committee.	Achieved. <ul style="list-style-type: none"> <li>• Audit Committee 21 September 2011, Progress meeting 26 August 2011.</li> <li>• Audit Committee 16 November 2011, Progress meeting 19 October 2011.</li> <li>• Audit Committee 9 February 2012, Progress meeting 11 January 2012</li> <li>• Audit Committee 20 June 2012 Progress meeting 30 May 2012.</li> </ul>
<b><u>100% of audits delivered against the annual internal audit plan</u></b>	Progress against plan detailed in the Annual Internal Audit report. Any changes to the Internal Audit plan will be agreed with Executive Director of Finance (and the Audit Committee, where material) prior to action.	Achieved as summarised at Section Three
<b><u>Management feedback &gt; 7 or above.</u></b>	A client satisfaction survey will be issued annually. Results will be shared with the Audit Committee, Executive Director of Finance and any results < 7 discussed and remedied.	Achieved
<b><u>Audit Committee feedback &gt; 7 or above</u></b>	A client satisfaction survey will be issued annually to the Chair of the Audit Committee. Results will be shared with the Audit Committee, Executive Director of Finance and any results < 7 discussed and remedied.	Achieved





In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), it is required to disclose any information contained in this terms of reference, it will notify PwC promptly and consult with PwC prior to disclosing such information. 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 Act to such information. If, following consultation with PwC, London South Bank University discloses any such information, 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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