

**Minutes of the meeting of the Audit Committee
held at 4.00 pm on Thursday, 9 November 2017
1B16 - Technopark, SE1 6LN**

Present

Steve Balmont (Chair)
Shachi Blakemore
Duncan Brown
Roy Waight

Apologies

Mee Ling Ng

In attendance

David Phoenix
Mandy Eddolls
Natalie Ferer
Richard Flatman
Ed Spacey
James Stevenson
Shân Wareing
Michael Broadway
Justin Martin
Lucy Gresswell
Fleur Nieboer
Jack Stapleton
Alexandra Barrington

1. Welcome and apologies

The Chair welcomed members to the meeting.

The above apologies had been received.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the meeting of 3 October 2017, subject to an amendment to minute 8 and their publication with the proposed redactions.

4. Matters arising

The Executive Director of Organisational Development & HR updated the committee on how the decline in performance in payroll is being addressed (minute 8 of 3 October 2016 refers). Payroll processes are being updated in

line with the new HR i-trent system and use of manual workarounds is being eliminated. The committee expected to see progress in payroll as part of the next finance continuous audit report.

The Executive Director of Organisational Development & HR updated the committee on gender pay gap reporting. The gender pay gap at LSBU was below the sector average at 5% and raised no concerns.

The Chief Financial Officer reported that the member of procurement staff was due to attend a disciplinary hearing (minute 8 of 3 October 2017 refers).

Mandy Eddolls left the meeting

5. Final internal audit annual report

The committee noted the final internal audit annual report which had been discussed in detail at its meeting of 3 October 2017. The internal auditor's opinion was unchanged.

6. Internal audit progress report

The committee noted the internal audit progress report for 2017/18. The audit of health and safety had been completed and the report is being finalised.

7. IT risk diagnostic update

The committee noted the update on the IT risk diagnostic audit done by PwC. The report and the management response would come to the audit committee meeting of 8 February 2018.

8. Prevent annual return

Ed Spacey joined the meeting

The committee recommended the Prevent annual report including the HEFCE required statement of assurance to the Board for approval.

Ed Spacey left the meeting

9. GDPR update

The committee noted the update on compliance with the general data protection regulations (GDPR). The Executive will review a costed project plan to mitigate the risk of non-compliance with GDPR. An update would be provided to the next committee meeting.

10. **Annual value for money report**

The committee noted the update on the annual value for money report. Due to changes in HEFCE requirements the annual value for money report would be prepared with the new annual efficiency return to HEFCE in January 2018. The committee requested that the efficiency return is circulated to the committee ahead of submission to HEFCE.

11. **Modern slavery act statement**

The committee approved the current modern slavery act statement for 2016/17 on behalf of the Board, with no changes.

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

The committee noted the report. One issue of suspected fraud had arisen since the last Audit Committee meeting. The committee noted that the suspected fraud was likely to be the result of a phishing scam. The amount of the fraud was below the threshold for reporting to HEFCE.

It was noted that the suspected fraud was not due to a breakdown in control or lack of compliance in payroll. However, controls in payroll had been strengthened as a result.

13. **Speak up report**

The committee noted the Speak Up report. One new issue had been anonymously raised since the last meeting concerning alleged bullying and harassment in one of the schools. Further detail would be requested from the complainant via the Safecall reporting system. The committee would be kept updated.

14. **Audit Committee business plan**

The committee noted its business plan. The committee noted that, as previously agreed, it would not review the corporate risk register at this meeting.

15. **External Audit progress report**

The committee noted the external auditor's progress report. This was KPMG's first year end audit following appointment as external auditor in April 2017.

The committee noted that the Chief Financial Officer would review the implications of the final HMRC guidance on corporate criminal offences as set out in the Criminal Finances Bill 2017.

16. External audit findings

The external audit partner of KPMG, presented the audit findings for the year ended 31 July 2017. It was reported that the audit was substantially complete pending the finalisation of a few outstanding items. No misstatements or material weaknesses had been identified.

The external audit partner confirmed KPMG's independence from LSBU.

Responding to a query, the Financial Controller confirmed staff are being trained on the management of journals.

The final external audit report would be available for the Board meeting of 23 November 2017.

17. Going concern review

The committee approved the going concern review and recommended that the Board approves the group accounts (which are prepared on a going concern basis). The review provided assurance for the going concern statement in the annual report and accounts.

18. External audit letter of representation

The committee discussed the letter of representation to the auditors, which was recommended to the committee by the executive. The committee noted that the letter contained standard representations only and that no items had been inserted specific to LSBU or as a result of any matters arising during the course of the audit. The committee recommended the letter to the Board for approval.

19. Draft report and accounts for year to 31 July 2017

The committee reviewed the draft report and accounts for 2016/17. The draft surplus was £1.8m.

The committee noted that, on appointment KPMG had received assurance from the previous external auditor, Grant Thornton, that there were no matters to draw to the attention of the Board. Whether to include this assurance in the accounts would be reviewed.

Note 8B on the remuneration policy for senior employees had been expanded for this year.

The committee recommended the accounts to the Board for approval, subject to minor amendments while the audit was being completed.

20. **Audit Committee Annual Report**

The committee approved the draft audit committee annual report to the Board, as recommended by the executive, subject to updating some sections. The final report, when signed by the Chair of the Audit Committee would be submitted to HEFCE.

21. **Annual Provider Review to HEFCE (quality assurance)**

Shân Wareing joined the meeting

The committee discussed the quality assurance return to HEFCE in detail. The committee noted that under HEFCE requirements the Board is required to sign an annual statement to confirm that the Board is assured that LSBU is maintaining its responsibility for improving student academic experience and student outcomes, and that academic standards are set and appropriately maintained.

The committee noted that aspects of quality assurance are regularly reported to the Board through the Vice Chancellor's report, Key Performance Indicators report and the corporate strategy progress report.

The committee noted how LSBU's quality processes were mapped to international quality expectations. The committee noted the action plan for continuous improvement of the student academic experience.

Following the review by the Academic Board and the committee's review of the supporting documentation, the committee recommended the full assurance statement to the Board for approval.

Shân Wareing left the meeting

22. **External audit performance against KPI's**

The committee noted that KPMG, the external auditors, had met or mostly met their agreed key performance indicators and there were no concerns during the course of the audit. The final report would be circulated to the committee for information.

23. External audit - review of non-audit services

The committee noted that during the year 2016/17, KPMG had provided advice in relation to tax computation services.

24. Matters to report to the Board following the meeting

The committee noted that the annual report and accounts, the going concern statement, letter of representation to the auditors, the audit committee annual report and the review of internal controls would be reported to the Board meeting of 23 November 2017.

**Date of next meeting
4.00 pm, on Thursday, 8 February 2018**

Confirmed as a true record

..... (Chair)