**Minutes of the meeting of the Group Audit and Risk Committee
held at 4.00 pm on Tuesday, 6 October 2020
via MS Teams**

Present
Duncan Brown (Chair)
John Cole (until minute 14)
Mark Lemmon
Rob Orr

Apologies
Ruth Ireland

In attendance
David Phoenix (until minute 14)
Alison Chojna (minute 4 only)
Natalie Ferer
Richard Flatman
Paul Ivey (until minute 14)
Kerry Johnson
Nicole Louis
Ed Spacey (minute 4 only)
James Stevenson
Graeme Wolfe (minute 4 only)

James Aston (BDO; until minute 14)
Gemma Wright (BDO)
Fleur Nieboer (KPMG; until minute 14)
Jessie Spencer (KPMG; until minute 14)

1. **Welcome and apologies**

    The Chair welcomed members to the meeting.

    No apologies had been received.

2. **Declarations of interest**

    No interests were declared on any item on the agenda.

3. **Minutes of the previous meetings**

    The committee approved the minutes of the meeting of 18 June 2020 and 7 September 2020 and their publication as redacted, subject to minor amendments.

4. **Matters arising**

    Coronavirus business recovery update

The committee noted an update from the Vice Chancellor on coronavirus business recovery and outbreak response planning. Between 2-21 September 2020 there were four positive cases at LSBU and one positive case at Lambeth College.

The committee noted that LSBU's outbreak response plan had been approved by the local director of public health and submitted to the Department for Education.

The committee noted changes to the coronavirus risk register and the threshold levels since the previous meeting.

The committee requested future reports to include a summary of business recovery issues in SBA and SBC.

Cyber security update

With Alison Chojna and Graeme Wolfe

Following the detailed review at its meeting of 7 September 2020, the committee noted the update on progress made against the actions identified in the BDO cyber security internal audit and the associated IT security roadmap. Key matters included enabling more password complexity and re-design of the network. Early detection of ransomware attacks was under review.

The committee noted that staff capacity and budget constraints influenced the speed at which actions could be completed.

The committee requested a further update, including assurance that the allocated budget was realistic, at its next meeting.

Alison Chojna and Graeme Wolfe left the meeting

All other matters arising were noted as having been completed or in progress.

5. **CUC higher education audit committees code of practice**

The committee noted the CUC higher education audit committees code of practice, published in May 2020.

The committee noted that it already materially follows the provisions of the code.

The committee supported the Chair's proposal to carry out a light-touch self-assessment exercise, the results of which would be reported at the February 2021 meeting of the committee.

The committee recommended to the Board the adoption of the code of practice.

6. **External audit: review of non-audit services**

The committee noted the review of KPMG non-audit services for the year ending 31 July 2020, totaling £47,940. The majority of this spend related to KPMG's work on international tax compliance.

7. **External audit progress update**

The committee noted the external audit progress report and technical update from KPMG.

8. **Internal audit progress report**

The committee noted the internal audit progress report. All 2019/20 internal audit reports had been issued with the exception of three reports which were awaiting management comment and approval.

9. **Internal audit follow-up report**

The committee reviewed the internal audit follow-up report, noting the total of 104 outstanding recommendations, with 32% completed, 24% in progress and 31% not yet due.

The committee queried the 31 recommendations that were outstanding. The CFO noted that some were systemic and required IT support, but that reasonable progress was being made to address all outstanding recommendations. The executive would review the report to identify any historic actions that should be removed.

10. **Internal audit: UKVI Tier 4**

The committee noted the internal audit report on UKVI tier four compliance, which provided a limited level of assurance for both the control design and operational effectiveness of the controls in place. It was noted that one high risk, six medium risk and one low risk recommendations had been made and accepted by management.

The committee noted that the high risk finding related to the reporting of changes in student circumstances to UKVI. The committee noted that the findings as a whole represented challenges to do with inter-dependencies between teams and limitations of the current Student Records System (SRS). It was noted that the new SRS, being developed as part of Project LEAP, would be able to automate changes to student circumstances rather than requiring manual workarounds. The work on the University's target operating model would clarify internal responsibilities and practices.

The committee noted that the University's Tier 4 sponsor licence was due for renewal in March 2021, and that it was common practice for UKVI to conduct an audit prior to renewal. In preparation, a manual audit of all Tier 4 student records would be carried out during winter 2020.

The committee noted that an action plan had been agreed to address the findings of the report, to be managed by the UKVI Steering Group. The Steering Group was meeting every two weeks to monitor progress against the action plan.

The committee requested a progress report at its next meeting on 5 November 2020.

11.   **Internal audit: estates capital programme**

The committee noted the internal audit report on the estates capital programme, which provided a moderate level of effectiveness for both the control design and operational effectiveness. One medium risk and three low risk recommendations had been made.

12.   **Internal audit: student data**

The committee noted the internal audit report on student data, which provided a moderate level of assurance for control design and a substantial level of assurance for operational effectiveness. One medium risk and two low risk recommendations had been made.

13.   **Internal audit: family transition**

The committee noted the internal audit report on family transition, which provided a substantial level of assurance for both control design and operational effectiveness. One low risk recommendation had been made in relation to monitoring structures.

14.   **Draft internal audit annual report 2019/20**

The committee discussed the 2019/20 draft internal audit annual report. Throughout 2019/20, 17 assurance audits were completed and 116 recommendations were raised across the Group.

The committee noted that the internal audit annual report was no longer required to be submitted to the Office for Students.

The committee requested that BDO review the report to provide an overall opinion on internal controls. It was agreed the BDO would discuss and review ahead of the next meeting on 5 November 2020.

15. **Risk strategy and appetite**

The committee discussed the 2020/21 LSBU risk appetite profile and Group risk policy.

The committee noted that the risk policy stated that the SBA and SBC risk appetite profiles would come to a future meeting for information. It was agreed that these would be circulated to the committee once the November 2020 meetings of the SBA and SBC audit committees had met.

The committee agreed to recommend the risk appetite profile to the Board for approval at its meeting of 15 October 2020.

16. **Corporate risk report**

The committee noted the corporate risk report, comprised of zero critical risks, eleven high risks, fourteen medium risks and one low risk. The executive will review the risks relating to cyber security, fee refunds, coronavirus response plans and affordability of capex.

The executive agreed that future reports would make it clear when a risk has been added or removed, or when a risk rating has changed.

The committee noted that a detailed risk discussion would take place at the 15 October 2020 meeting of the Board of Governors. The committee requested that it hold a detailed discussion each year ahead of the October Board meeting. It was agreed that a detailed risk discussion would be added to the GARC annual business plan for future years.

17. **Internal controls annual review and effectiveness**

The committee noted the annual review of effectiveness of the University's systems of internal control and the proposed 'full compliance' statement for 2019/20.

A final version of the annual review of effectiveness would come to the November 2020 meeting for approval following receipt of the final BDO internal audit annual report.

18. **Pension assumptions**

The committee discussed in detail the assumptions made by the LPFA scheme actuaries (Barnett Waddingham) and the assumptions used for the USS scheme. The committee noted the effect of the pension assumptions on the 2020/21 budget.

The committee noted that the assumptions were cautious and that further conversations were planned with the external auditors and actuaries regarding suitable assumptions. Following these conversations, the pension

assumptions would come back to the November 2020 committee meeting for approval.

19. **Draft public benefit statement**

The committee noted the draft public benefit statement for inclusion in the annual report and accounts, as required for all charities. A final draft would come back to the meeting of 5 November 2020.

20. **Draft corporate governance statement**

The committee noted the draft corporate governance statement 2019/20, which demonstrated how LSBU complied with the CUC Corporate Governance Code and the OfS's Public Interest Governance principles.

The statement, with some amendments to reflect the revised CUC Code and a review of the Board's standing orders, would form part of the annual report and accounts. The corporate governance statement would come back as a final draft for approval at the meeting of 5 November 2020.

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

The committee noted that there were no new instances of fraud, bribery or corruption arising in the period since the committee last met.

22. **Speak up report**

The committee noted that no new speak up cases had been raised since the last meeting. The committee requested a written update on the alleged fraud case ahead of the next meeting.

23. **Reportable events update**

The committee noted that the opening of the Croydon campus in September 2021 had been reported to the OfS since the last meeting. The OfS had also been informed of the revolving credit facility agreement with Barclays.

24. **Data protection report**

The committee noted the data protection report, which included five incidents involving breaches of personal data since the last meeting. One breach had been reported to the ICO, and involved the cyber-attack on Blackbaud, an LSBU supplier.

25. **GARC terms of reference and membership**

The committee noted the Group Audit and Risk Committee terms of reference and membership.

26. **Committee business plan**

The committee noted the 2020/21 business plan. The committee agreed that, in future, up to three hours should be allowed for the October and November meetings due to the number of agenda items for discussion.

27. **Matters to report to the Board following the meeting**

The committee noted that the cyber security update, UKVI internal audit report, internal audit annual report, corporate risk and pensions assumptions would be reported to the appropriate Board meeting.

**Date of next meeting
4.00 pm, on Thursday, 5 November 2020**

Confirmed as a true record

Duncan Brown
.... (Chair)