

**Minutes of the meeting of the Audit Committee  
held at 4.00 pm on Thursday, 8 November 2018  
1B16 - Technopark, SE1 6LN**

**Present**

Steve Balmont (Chair)  
Shachi Blakemore  
Duncan Brown  
Mee Ling Ng

**Apologies**

David Phoenix

**In attendance**

Pat Bailey  
Michael Broadway  
Natalie Ferer  
Richard Flatman  
James Stevenson  
Shân Wareing  
Justin Martin  
Fleur Nieboer  
Jack Stapleton  
Alexandra Barrington

**1. Welcome and apologies**

The Chair welcomed members to the meeting.

The above apology was noted.

**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 4 October 2018 and their publication.

**4. Matters arising**

The committee noted an update on preparations for an expected Ofsted inspection of the University's apprenticeship provision. The Board would be notified when an inspection was announced.

**5. ICT risk diagnostic update**

The Director of Academic Related Resources presented an update on actions to address the ICT risk diagnostic internal audit findings. It was reported that all actions would be completed by 31 January 2019. The committee requested confirmation at its next meeting that all actions had been completed.

**6. Quality assurance return to OfS**

The committee discussed the quality assurance return to the OfS in detail. The committee noted that under OfS requirements the Board is required to sign an annual statement to confirm that it 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 the plan for the Quality and Standards Committee (a sub committee of the Academic Board) which would monitor the 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*

**7. Prevent annual return to OfS**

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

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

The committee noted the report. No instances of fraud, bribery or corruption had been identified since the previous meeting.

**9. GDPR update**

The committee noted the update on compliance with the general data protection regulations (GDPR). The committee noted that a data breach had been reported to the Information Commissioner's Office (ICO) in line with

requirements. The committee requested that work on compliance with GDPR continues to be prioritised.

10. **Modern slavery act statement**

The committee noted the modern slavery act statement proposed by the Executive for 2017/18 to the Board.

11. **Student Residences UUK audit report**

The committee discussed the audit report on student residences. Progress on actions is being monitored by the internal auditors. The committee noted that the Board had received an assurance report at its meeting of 12 October 2017 on fire safety of major University buildings. The PwC review of the report had noted implementation action and that all areas were now deemed to have passed.

The committee requested update on completed actions at a future meeting.

12. **Speak up report**

The committee noted the Speak Up report. No new speak up matters had been raised since the last meeting.

13. **OfS annual reporting**

The committee noted the annual reporting requirements to the OfS.

14. **Audit committee business plan**

The committee noted its business plan for 2018/19.

15. **Final internal audit annual report**

The committee noted the final internal audit annual report which had been discussed in detail at its meeting of 4 October 2018. The internal auditor's opinion was unchanged.

16. **Internal audit progress report**

The committee noted the internal audit progress report for Q1 2018/19.

17. **Corporate Risk**

The committee noted the updated risk register following discussion at the Board meeting of 18 October 2018. The committee agreed to discuss the updated risk register in detail at its meeting of 5 February 2019.

18. **External audit performance against KPIs**

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 committee requested that the KPI set is reviewed at the June 2019 audit committee meeting when the external audit plan was approved.

19. **Going concern statement**

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.

20. **Draft annual report and accounts 2017/18**

The committee reviewed the draft report and accounts for 2017/18. The draft surplus was £1.6m.

The committee discussed reporting requirements for fundraising. This would be reviewed for next year's accounts.

The executive confirmed to the committee that all information that should have been disclosed to the auditors had been disclosed to the auditors.

The committee noted the remuneration report which was being finalised following decisions of the Remuneration Committee at its meeting of 6 November 2018.

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

21. **External audit findings**

*Fleur Nieboer joined the meeting*

The external audit partner of KPMG presented the audit findings for the year ended 31 July 2018. It was reported that the audit was substantially complete pending the finalisation of a few outstanding items. The partner was planning to issue an unqualified opinion. There were no significant findings for high risk areas.

The committee discussed the identified £750k misstatement in relation to funds in a closed HSBC Euro account. Management confirmed that this was due to a breakdown in relevant controls and that a new process was now in operation.

The committee noted that the accounts of South Bank University Enterprises Ltd (SBUEL) are consolidated into LSBU's accounts. The external audit findings report covered the audit for LSBU and SBUEL.

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

The final external audit report would be available for the Board meeting of 22 November 2018.

The committee thanked KPMG for its work on the audit.

## **22. Draft letter of representation to KPMG**

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.

The CFO confirmed that there were no non-standard representations in the SBUEL equivalent letter.

## **23. External audit - review of non-audit services**

The committee noted that during the year 2017/18, KPMG had provided advice in relation to tax computation services. The final figures were being reviewed and would be circulated to the committee for information.

## **24. 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 the OfS.

## **25. Annual review of internal controls**

The committee noted the final review of internal controls which had been discussed in detail at its meeting of 4 October 2018.

26. **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 22 November 2018.

27. **AOB**

The committee noted that this was Steve Balmont's final meeting as Chair of the Committee. He would stand down as chair on 1 January 2019 but remain a member of the committee until he retired as a governor on 31 July 2019. The committee thanked Mr Balmont for his dedicated service as Chair.

**Date of next meeting  
4.00 pm, on Tuesday, 5 February 2019**

**Confirmed as a true record**

..... (Chair)