

Minutes of a Meeting of the Audit Committee
Held at 4pm on Tuesday, 30 October 2012
In Room 1B33, Technopark, London Road, SE1

Present

Andrew Owen	Chairman
Steve Balmont	
Douglas Denham St Pinnock	
Shachi Patel	(Independent co-opted member)

External Auditors

David Barnes	Grant Thornton
Claire Hersey	Grant Thornton

Internal Auditors

David Wildey	PricewaterhouseCoopers
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In attendance

Prof Martin Earwicker	Vice Chancellor
Dr Phil Cardew	Pro Vice Chancellor (Academic)
Natalie Ferer	Financial Controller
Richard Flatman	Executive Director of Finance
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Officer

Welcome and apologies

1. Apologies had been received from Justin Martin of PricewaterhouseCoopers (PwC).

Declarations of Interest

2. No interests were declared in any items on the agenda.

Minutes of the last meeting

3. The minutes of the meeting held on 27 September 2012 were approved. The minutes were approved for publication subject to the proposed redactions.

Matters Arising

4. It was noted that the level of bad debt write off for the committee to approve would be revised when the financial regulations were next reviewed.

HESA Improvement Project

5. The committee noted an update on the HESA Improvement project from the Pro Vice Chancellor (Academic). It was noted that the HESA submission had been made for this year and that it had met HEFCE requirements.

Key Issues Memorandum

6. The committee discussed in detail the key issues memorandum (paper **AC.54(12)**), relating to the year end audit. The external auditors had largely completed the audit process and did not anticipate anything of concern to arise as the audit was completed. There were no issues with the going concern status of LSBU.
7. It was noted that the £2.9m impairment of the terraces had been included in the depreciation charge and not as an exceptional item and that details were disclosed separately in the notes.
8. The committee requested that the control issues identified during the course of the audit relating to hall debtors and control account reconciliations should be tackled as actions and reports on progress submitted to future meetings of the committee.
9. The committee expressed concern at the level of fee income for accommodation which was not collected from students. The committee requested a report at its next meeting and agreed that it would be helpful for the Head of Residences and Catering to attend for this item.

Pension Assumptions

10. The committee approved the pension assumptions which had been reviewed by the committee at its last meeting (paper **AC.57(12)**).

Draft Report and Accounts for the year to 31 July 2012

11. The committee reviewed the draft report and accounts for the year to 31 July 2012 (paper **AC.56(12)**). It was noted that the audit was almost complete. The committee noted that the accounts were well ahead of budget and demonstrated a strong financial performance.
12. The committee recommended the accounts to the Policy and Resources Committee subject to some minor amendments raised in the meeting.

Internal Audit Annual Report

13. The committee noted the internal audit annual report from PwC (paper **AC.57(12)**). The paragraph on risk management had been revised following discussion at the last meeting.

Letter of Representation

14. The committee discussed the draft letter of representation by the Board of Governors to the external auditors (**AC.58(12)**). The external auditors requested to add a paragraph on data quality. A revised draft letter would be circulated to the committee prior to approval and signature by the Chairman of the Board at the Board meeting of 22 November 2012.

Students' Union Accounts

15. The committee noted draft Students' Union (SU) accounts (paper **AC.59(12)**), which had been consolidated into the University's group accounts.
16. The committee noted that the SU would become an independent charity during the year. The Audit Committee would continue to receive a copy of their future accounts to review.

External Audit Performance

17. The committee noted the performance of the external auditors against agreed key performance indicators (paper **AC.60(12)**). It was noted that the audit went well with no material issues arising.

Review of non-audit services

18. The committee noted that Grant Thornton provided corporate tax advisory services to the University for £3,286 (paper **AC.61(12)**). The work was carried out by an engagement team completely separate from the audit team.

Review of Internal Controls

19. The committee noted the review of internal controls (paper **AC.62(12)**), which had been reviewed by the committee at its last meeting and since updated following the discussion at the Board on the risk register and receipt of HEFCE's conclusions on the risk rating of the University.

Quarter 4 Continuous Auditing

20. The committee noted the quarter 4 continuous auditing report (paper **AC.63(12)**). It was noted the report was still draft and a final version would be circulated to the committee. The summary was positive and there had been improvements in all areas since the last quarter.
21. The committee questioned the accounts receivable rating following the committee's earlier discussion on collection of accommodation fees from students and requested the internal auditors to review this.
22. The committee requested that they receive final reports in a timely manner. The committee requested the internal auditors to review whether a management response could be included in the continuous auditing reports.

Internal Audit Progress Report

23. The committee noted the progress report (paper **AC.64(12)**) and noted that work had begun on the capital projects and the anti-fraud audit.

Audit Committee Annual Report

24. The committee reviewed the audit committee's annual report (paper **AC.65(12)**) to the Board of Governors and the Vice Chancellor as Accountable Officer which would be submitted to HEFCE. The committee noted that the chair of the committee had requested that a concern of the committee on payroll control failures be added to the report. An amended version of the report was tabled. The committee approved the amended version of the report subject to minor changes.
25. In response to a query from the external auditors the committee considered whether the opinion in the committee's annual report of "limited assurance" on data quality should be reflected in the statement of internal control in the accounts. The committee did not feel that this was appropriate as considerable progress had been made with regard to data quality during the year.

Annual Value for Money Report

26. The committee noted the annual value for money report (paper **AC.66(12)**), which would be submitted to HEFCE. It was noted that value for money continued to be embedded across the University and targets were set as part of the budget planning process.

27. The committee questioned whether future reports could include benchmarking against grouped data from other Universities but agreed that this might be difficult given the optional nature of value for money reporting.

HEFCE Assessment of Institutional Risk

28. The committee noted HEFCE's assessment of institutional risk (paper **AC.67(12)**), which concluded that the University was "not at higher risk", the highest rating available.

Anti-fraud, bribery and corruption report

29. The committee noted that no instances of fraud, bribery or corruption had been discovered since the last meeting (paper **AC.68(12)**).

Speak up report

30. The committee noted that no speak up matters had been raised since the last meeting (paper **AC.69(12)**). The committee requested that the method of contact for the chair of the committee (as the independent contact in the policy) be reviewed.

Matters to report to the Board

31. The committee noted that the key matters to report to the Board were contained in their annual report.

Date of next meeting

32. It was noted that the next meeting would be at 4pm on Thursday, 7 February 2013.

There being no further business, the meeting concluded.

Confirmed as a true record:

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Chairman