

Audit Committee Meeting

4.00 - 6.00 pm on Tuesday, 3 October 2017
in 1B16 - Technopark, SE1 6LN

Agenda

<i>No.</i>	<i>Time</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
5.		Draft internal audit annual report, 2016/17	3 - 6	RF

Date of next meeting
4.00 pm on Thursday, 9 November 2017

Members: Steve Balmont (Chair), Shachi Blakemore, Duncan Brown, Mee Ling Ng and Roy Waight

In attendance David Phoenix, Natalie Ferer, Richard Flatman, James Stevenson, Michael Broadway, Joe Kelly, Justin Martin, Lucy Gresswell, Fleur Nieboer and Jack Stapleton

Apologies

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	CONFIDENTIAL
Paper title:	Internal Audit Annual Report – 2016/17 - amendment
Board/Committee	Audit Committee
Date of meeting:	3 rd October 2017
Author:	PriceWaterhouse Coopers
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	For Information; to provide Committee with the annual report on the work of the Internal Audit programme.
Which aspect of the Corporate Strategy will this help to deliver?	The internal audit plan relates to controls and processes that relate to the entire organisation, and provides assurance against all of the risk types within the Corporate Risk Appetite statement.
Recommendation:	Committee is requested to note: <ul style="list-style-type: none"> • the report and its findings

Executive Summary

The Audit Committee is asked to note that sentence 3, paragraph 2 on page 5 of the report has been amended. The amended text is appended.

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Executive summary

Commentary

The key factors that contributed to our opinion are summarised as follows:

- Our view on London South Bank University's (LSBU's) operational control environment and governance arrangements is underpinned by the audit reviews that we have performed during the year. There has been one high risk rated report, two medium risk rated reports and two low risk rated reports prepared during the financial year. The findings from these reports are not considered significant in aggregate to the system of internal control. None of the individual assignments completed in 2016/17 have an overall classification of critical risk.
- We identified one high risk report this year, the Apprenticeships review. This area was selected for review due to the University's objective to expand the current apprenticeship training provision. We identified one high risk finding which was caused by the late external approval of Apprenticeship standards. Management were concerned about the risks to the student learning experience if course starts were delayed, and managed this risk by post hoc completion of course paperwork. Specifically, we found that apprenticeship agreements had not been signed by all parties ahead of the apprenticeship start date, employer incentive payments had not been transferred to the employer within the deadline and attendance records had not maintained for 6/20 students in our sample. Our high risk finding relates to specific issues and is not deemed to represent systemic threats to the entire control and governance environment.
- Our Continuous Auditing work shows that on the whole the core financial control environment has remained robust during the year with no significant exceptions or control recommendations raised. There have been some exceptions identified through our substantive controls testing of Accounts Payable processes and we have noted another incidence of deterioration in performance in payroll control, see details in section 3, however the findings identified are not considered to be significant in aggregate to the key financial control environment.
- The timely implementation of internal audit recommendations by management is a key indicator of good governance and a target rate of 75%+ should be aspired to by management. LSBU's implementation rate has improved in 2016/17; 97% of agreed actions have been implemented compared to 88% in the 2015/16.
- LSBU's risk management arrangements continue to be strong as evidenced by our low risk report. In particular, LSBU has a clear risk governance structure and consistent approach to identifying and managing risk at all levels. The University's approach integrates risk management with the strategic and business planning process which is in line with good practice and has an established risk appetite which is aligned with strategic objectives.
- Our work over value for money indicates that the processes in place to ensure value for money is achieved are in accordance with good practice, for example: adherence to financial controls and use of purchase consortiums.

Acknowledgement

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

