

**Minutes of the meeting of the Group Audit and Risk Committee
held at 3.30 pm on Tuesday, 5 October 2021
1B16 - Technopark, SE1 6LN**

Present

Duncan Brown (Chair)
John Cole
Mark Lemmon
Rob Orr

Apologies

David Phoenix
Jessie Spencer (KPMG)
Fleur Nieboer (KPMG)
Ruth Ireland (BDO)

In attendance

Natalie Ferer
Richard Flatman
Kerry Johnson
Nicole Louis
James Stevenson
Gemma Wright (BDO)

1. Welcome and apologies

The Chair welcomed members to the meeting. The above apologies were 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 15 June 2021 and their publication as redacted.

4. Matters arising

The committee noted the update on the effectiveness review action plan. All other matters arising were noted as being complete or in progress.

5. External audit progress update

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

6. External audit: review of non-audit services

The committee noted the review of KPMG non-audit services for the year ending 31 July 2021, totaling £59,550. The majority of this spend related to KPMG's work on tax compliance and assurance.

7. Internal audit progress report and plan

The committee noted the internal audit progress report.

The committee noted that an extraordinary meeting of GARC would be scheduled for late October 2021 to consider the IT disaster recovery internal audit report and lessons learned from the cyber incident.

8. Internal audit follow-up report

The committee reviewed the internal audit follow-up report, noting that the number of outstanding recommendations for 2019/20 stood at 25 for LSBU and 12 for SBC.

The committee noted that the Group Executive was reviewing outstanding recommendations on a regular basis and would continue to request that colleagues address these.

The committee noted that some outstanding actions (particularly those related to IT) required longer term solutions beyond a single financial year. The committee agreed that it may be prudent for some of these recommendations to be removed from the follow-up list into an appropriate roadmap, but that any residual risk should remain on local risk registers.

The committee requested to continue to receive this report.

9. Internal audit report: health and safety

The committee noted the internal audit report on health and safety reporting, which provided a moderate level of assurance for both the control design and operational effectiveness of the controls in place. It was noted that two medium risk and two low risk recommendations had been made and accepted by management.

10. Internal audit report: finance systems review

The committee noted the internal audit report on the LSBU finance system review (following the December 2020 cyber incident), which provided a moderate level of assurance for both the control design and operational effectiveness of the controls in place. It was noted that three medium risk recommendations had been made and accepted by management.

The committee welcomed this report.

11. Draft internal audit annual report 2020/21

The committee discussed the 2020/21 draft internal audit annual report. Throughout 2020/21, 20 assurance audits were completed and 54 recommendations were raised across the Group. The committee noted that the draft report referred to the most recent internal audit report on IT disaster recovery. In addition, two outstanding reports were shortly due for completion.

The committee noted that the draft annual report included an opinion of “generally satisfactory with improvements required in some areas”, which was consistent with previous years.

The committee noted that a final version of the internal audit annual report would be reviewed at the next meeting.

12. **Risk strategy and appetite**

The committee discussed the proposed 2021/22 Group risk policy and updated risk appetite framework.

The committee noted that, following the recommendations of the GARC effectiveness review, risk had been discussed in detail at the Group strategy day on 21 September 2021.

The committee recommended the revised risk policy to the Board for approval. The risk appetite domains and levels would be discussed further by the Group Executive, and brought to the 21 October Board meeting for approval. The committee noted that the risk policy and risk appetite framework would also be reviewed by the subsidiary audit committees.

13. **Corporate risk report**

The committee noted the corporate risk register, comprised of zero critical risks, ten high risks, eighteen medium risks and one low risk.

The committee noted that, following discussion at the Group strategy day in September, the format of the risk register was under review. The new format, which would include more information on controls and mitigations, would be brought to the November meeting of the committee and then to the Board.

14. **Fixed asset impairment**

The committee discussed the results of the annual exercise to ascertain whether there was any impairment in the Group’s fixed assets.

The committee noted that, during the year ending 31 July 2021, no impairment had taken place that required recognition in the accounts. The committee noted that, in particular, the Executive had considered Project LEAP, the Chapel site, Vauxhall Skills Centre, the London Road project and the Clarence Centre.

15. Pensions assumptions and results

The committee discussed in detail the set of pensions assumptions tailored for the LSBU Group, which included increases to RPI, CPI, salary and pensions, and a discount rate of 1.6%. The committee noted the impact on the 2021/22 budget as a result of the increases.

The committee noted that the assumptions were consistent with the framework put into place for 2020/21.

The committee approved the pensions assumptions subject to receiving assurance that they were consistent with KPMG's benchmarking exercise. The committee requested that the KPMG document be circulated as soon as it was available.

16. Going concern assessment

The committee discussed the draft going concern statement for inclusion in the annual accounts.

The committee noted that the purpose of the accompanying paper was to provide assurance regarding institutional sustainability. The committee requested assurance that, as part of its annual business cycle, the Finance, Planning and Resources Committee had reviewed the necessary information of the university's position as a going concern. This would be provided to the next meeting of the committee.

The committee noted that a final version of the going concern statement would be submitted to the November meetings of GARC and the Board for approval.

17. Draft annual report and accounts 2020/21

The committee noted key sections of the draft annual report and accounts 2020/21, including the draft corporate governance statement. Members were requested to provide comments to the Group Financial Controller by email as soon as possible.

The committee noted that a near final version of the accounts would be brought to the next meeting on 11 November 2021.

18. Anti-fraud policy review

The committee discussed the revised anti-fraud policy, which had been modified to take into account the Group structure and to clarify reporting lines.

The committee approved the revised policy, subject to minor amendments about consistency of definitions.

19. Anti-bribery policy review

The committee approved the revised anti-bribery policy, which had been modified to cover the whole of the LSBU Group.

20. Annual debt write-off

The committee discussed the write-off of tuition debt relating to self-paying students of £743,000, which was consistent with previous years.

The committee noted that debts were written off when more than six years old and there was no reasonable expectation of recovery. It was noted that the figure was fully provided for in the accounts.

Following discussion and as required by the financial regulations, the committee approved the annual LSBU debt write-off of £743,000.

21. Fire doors update

The committee noted the update on the fire door refurbishment work, which included a timeline of work and reporting to date. A further update would be provided to the next meeting.

22. Anti-fraud, bribery and corruption report

The committee noted the potential breach of financial regulations regarding the purchase of IT equipment, which was being investigated in line with the Group's fraud response procedure. An update would be provided to the committee once the investigation is concluded.

23. Speak up report

The committee noted that no new speak up cases had been raised since the previous meeting.

24. Reportable events update

The committee noted that no reportable events had been notified to the OfS since the previous meeting. The potential breach of financial controls (see minute 22) had been considered by the Executive and was deemed to be non-reportable on the basis that it is an internal control matter. The committee noted that this would be reviewed upon the outcome of the investigation.

25. Data protection report

The committee noted the data protection report, which included details of six incidents involving breaches of personal data since the previous meeting. None of the breaches were reportable to the ICO.

The committee noted that all colleagues had been requested to complete compulsory training now that all systems had been recovered following the

cyber outage. This included modules on information security and data protection.

26. Covid outbreak response plan update

The committee noted the update on the LSBU covid outbreak response plan, which would be supplied to the DfE as required.

27. GARC terms of reference and membership

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

28. Committee business plan

The committee noted the annual business plan for 2021/22.

29. Matters to report to the Board following the meeting

The committee noted that risk strategy and appetite, corporate risk report, draft internal audit annual report, pensions assumptions and draft going concern statement would be reported to the next Board meeting.

Date of next meeting
3.30 pm, on Thursday, 28 October 2021

Confirmed as a true record

Duncan Brown
..... (Chair)