

	PAPER NO: AC.09(12)
Committee:	Audit Committee
Date:	09 February 2012
Subject:	Internal Audit – Student Residences Report
Author:	Darrell Pariag, Corporate & Business Planning Manager
Executive sponsor:	Richard Flatman, Executive Director of Finance
Recommendation by the Executive:	The Executive recommends that the Audit Committee note the attached report.

Executive summary

The internal audit report on Student Residences is attached. There are no findings to report.



Attachment:

- Student Residences Report

	Board/Committee	Date
Matter previously considered by:	n/a	
Further approval required?	n/a	

Communications – who should be made aware of the decision?	n/a
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1. Executive Summary

<p>Department: Residential and Catering Services Audit Sponsor: Martin Earwicker Distribution List: Stephen Kay, David Fuller Date of last review: February 2009</p>	<p>Report classification Low risk </p>	<p>Direction of Travel</p> 	<p>Number of Control Design issues identified</p> <p>0 Critical 0 High 0 Medium 0 Low</p>	<p>Number of Controls Operating in Practice issues identified</p> <p>0 Critical 0 High 0 Medium 0 Low</p>
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<p>Scope of the Review:</p>	<p>The review assessed whether:</p> <ul style="list-style-type: none"> The University is compliant with mandatory elements of the UUK Code of Practice for the Management of Student Housing. The University demonstrates good practice in the management of its student housing, in accordance with the aspirational elements of the UUK Code of Practice for the Management of Student Housing. <p>The student residences included in this review are: McLaren House, Dante Road, David Bomberg House and New Kent Road.</p>
<p>Limitation of scope:</p>	<p>The review was limited to completing the UUK Code of Practice compliance checklist. Sample testing was performed.</p>

Summary of findings:

The UUK Code of Practice has both mandatory and non-mandatory elements attached around the University’s approach to student accommodation. The Code sets out a comprehensive guide to be followed for the successful management of student accommodation. The latest UUK guidance was issued in August 2010. There is also an auditors self assessment checklist produced by the UUK for auditors to use when assessing compliance with the Code. This was revised 25 November 2010. Follow up of issues identified in the prior review was covered in the current testing checklist.

The testing covered a sample of accommodation sites used across the University as well as a review of policies and procedures in place. The review was conducted through interview with various staff across the University and physical inspection of records and individual accommodation sites.

The UUK Code of Practice compliance checklist was completed to ensure London South Bank University met all the mandatory and aspirational elements within the checklist. From the testing performed there were no elements noted where the University was not compliant.

2. Detailed Findings Recommendations and Action Plan

There were no recommendations to report from the review of Student Residences.

3. Basis of our classifications





Individual finding ratings

Finding rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; <i>or</i> • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; <i>or</i> • Significant impact on the reputation or brand of the organisation.
Medium	A finding that could have a: <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	A finding that could have a: <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

The report classification is determined by allocating points to each of the findings included in the report

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification	Points
 Low risk	6 points or less
 Medium risk	7– 15 points
 High risk	16– 39 points
 Critical risk	40 points and over

Auditors Responsibilities It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. We shall endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

Limitations inherent to the internal auditor's work We have undertaken this review, subject to the limitations outlined below. Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. The assessment of controls relating to this review is that at 18 November 2011. Historic evaluation of effectiveness is not relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

PricewaterhouseCoopers LLP Disclaimer We have prepared this report solely for London South Bank University (LSBU) and we do not accept any duty or responsibility to any other party. On this basis, this report should not be disclosed to any third party or quoted or referred to without our prior written consent. Such consent will only be granted on the basis that this report is not prepared with the interests of anyone other than the Authority in mind and we do not accept any duty or responsibility to any other party. In particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work. It is management's responsibility to maintain systems of risk management, internal control and governance

4. Terms of Reference

Student Residences

To: Martin Earwicker

From: Justin Martin

This review is being undertaken as part of the 2011/2012 internal audit plan approved by the Audit Committee.

Background

All University-owned single student residences must comply with the regulations set by the Universities UK (UUK) Code of Practice for the Management of Student Housing. The Code has both mandatory and aspirational elements; it indicates the main principles which should be observed and the essential requirements which must be met in order to meet the criteria for formal accreditation.

This Code ensures that residents benefit from clear policies and procedures relating to the following:

- Health and Safety.
- Maintenance and repairs.
- Landlord and tenant relationship.
- Student welfare.
- Antisocial behaviour and disciplinary procedures.
- Environmental Quality.

The Code requires the University's internal auditors to undertake a compliance audit every three years. The last review was carried out in 2008/09 by the previous internal auditors and two recommendations were made:

Emergency evacuation plans should be displayed in kitchens.

There should be a formal process for creating and updating an approved supplier list. The list should be kept up to date.

London South Bank University has four student residences providing 1,400 single study bedrooms, which are all self-catered accommodation and based in and around the main University campus.

Scope

The audit scope will seek to assess whether:

- The University is compliant with the mandatory elements of the UUK Code of Practice for the Management of Student Housing.
 - The University demonstrates good practice in the management of its student housing, in accordance with the aspirational elements of the UUK Code of Practice for the Management of Student Housing.
 - The student residences to be included in this review are: McLaren House, Dante Road, David Bomberg House and New Kent Road.
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Limitations of scope

The review will be limited to completing the UUK Code of Practice compliance checklist. Sample testing will be performed.

Audit approach

Our audit approach is as follows:

1. Obtain an understanding of management arrangements for student residences through discussions with key personnel, review of systems and documentation and relevant tests as defined by the UUK Code of Practice for the Management of Student Housing.
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Internal audit team

Justin Martin	Partner	Engagement Leader	justin.f.martin@uk.pwc.com
Debbie Tilson	Manager	Engagement Manager	debbie.e.tilson@uk.pwc.com
Lizzie Scragg	Senior	Team Leader	elizabeth.a.scragg@uk.pwc.com
Amandeep Sahota	Associate	Team Member	amandeep.k.sahota@uk.pwc.com

Key contacts – London South Bank University

Martin Earwicker	Vice Chancellor & Chief Executive	Audit Sponsor	martin.earwicker@lsbu.ac.uk
Stephen Kay	Head of Residences and Catering	Audit Owner	stephen.kay@lsbu.ac.uk

Timetable

Fieldwork start	5 December 2011
Fieldwork completed	13 December 2011
Draft report to client	29 December 2011
Response from client	20 January 2012
Final report to client	27 January 2012

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request
 - Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.
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Appendix 1: Information request

UUK code reference	Information required	Further sample details
2.1	Copy of the Health and Safety policy	-
2.2	Analysis of risks of events such as fire, outbreak of major disease etc, e.g. in risk registers	-
Various	Copy of any literature provided to students in their residence.	-
2.6	Copy of the weekly fire tests carried out at each of the four residences. See further sample details.	<p>McLaren House:</p> <p>w/c 04/04/2011</p> <p>w/c 16/05/2011</p> <p>Dante Road:</p> <p>w/c 13/07/2011</p> <p>David Bomberg House:</p> <p>w/c 25/07/2011</p> <p>New Kent Road:</p> <p>w/c 15/08/2011</p>
Various	Various tests relating to fire safety, lighting, PAT testing evidence, water systems, security including CCTV, maintenance and laundry facilities.	<p>Inspection of the rooms and common areas within the following blocks:</p> <p>New Kent Road:</p> <p>Block A Flat 5 Block A Flat 10 Block A Flat 16 Block A Flat 20</p> <p>McLaren House:</p> <p>Block H Flat 2 Block H Flat 4 Block H Flat 6 Block H Flat 8 Block H Flat 10 Block H Flat 12</p> <p>David Bomberg House:</p> <p>Block D Flat 2 Block D Flat 3</p>

UUK code reference	Information required	Further sample details
		Block D Flat 4 Block D Flat 5 Dante Road: Dante Road Block 10 Flat C Dante Road Block 10 Flat D
2.8	Fire Evacuation tests carried out for each of the four residences.	-
2.13	Copy of the annual gas safety checklist/ safety certificate for each of the four residences.	-
2.15	List of all electrical systems that are inspected and tested in accordance with statutory requirements.	-
2.17	A copy of the PAT testing policy.	-
2.21	Access to copies of water tests performed on the four residences.	-
2.25-2.27	Discussion with the appropriate staff member regarding staff and contractor access to residences including vetting and process of replacing lost keys.	-
2.35	Discussion with the appropriate staff on the arrangements in place for students' mail receipt and distribution.	-
3.1	Discussion with the appropriate persons on repairs and maintenance arrangements.	-
3.8	Copy of the snow and ice clearance policies/ discussion with the relevant persons to discuss any procedures put in place.	-
Various	Discussion with the relevant persons on the environmental policy, refuse management and recycling.	-
4.3	Copy of the refuse management plan.	-
4.6	Copy of the parking/ transport policy.	-
5.2	Copy of the contract between LSBU and the tenants.	-
7.1	Discussion with relevant persons and a copy of the procedures and policies in place on the complaints procedure.	-

In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and London South Bank University shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC London South Bank University discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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