London South Bank University

Meeting of the Audit Committee

**4pm* on Thursday, 11 February 2016
in 1B16, Technopark, London Road, London SE1**

* Pre meeting with the Internal Auditors at 3.45pm in 1B16, Technopark

Agenda

No.	Item	Paper No.	Presenter
1.	Welcome and apologies		Chair
2.	Declarations of Interest		Chair
3.	Minutes of the last meeting (for publication)	AC.01(16)	Chair
4.	Matters arising		Chair
5.	Identity and Access Management system update	AC.02(16)	COO
6.	**Internal Audit**		
7.	Progress Report (to review)	AC.03(16)	PwC
8.	Student data continuous auditing report (period 1, 2015/16) (to review)	AC.04(16)	PwC
9.	**Risk and Control**		
10.	Corporate Risk Report (to consider)	AC.05(16)	CFO
11.	**Other Matters**		
12.	Audit of International Students update (to note)	AC.06(16)	PVC(R&EE)
13.	Prevent duty compliance update (to note)	AC.07(16)	COO
14.	Data assurance report (to note)	AC.08(16)	CFO
15.	TRAC return to HEFCE (to ratify)	AC.09(16)	CFO
16.	Speak up report (to note)	AC.10(16)	Sec
17.	Anti-fraud, bribery and corruption report (to consider)	AC.11(16)	CFO
18.	Finance and Management Information (FMI) structure and leadership team (to note)	AC.12(16)	CFO

19.	Audit Committee business plan (to note)	AC.13(16)	Chair
20.	Matters to report to the Board following this meeting		Sec
21.	Any other business		Chair
22.	Date of next meeting: 4pm on Thursday 9 June 2016		Chair

Members:	Steve Balmont (Chair), Douglas Denham St Pinnock and Mee Ling Ng
Apologies:	Shachi Blakemore
Internal Auditors:	Charlotte Bilsland and Justin Martin (PwC)
External Auditors:	Carol Rudge (Grant Thornton)
With:	Vice Chancellor, Chief Financial Officer, Chief Operating Officer, University Secretary, Pro Vice Chancellor (Research and External Engagement) (for item 12), Financial Controller, Head of Information Security (for item 5) and Governance Manager.

London South Bank University

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 11 February 2016
In room 1B16, Technopark, London Road, London, SE1

Present

Steve Balmont	Chair
Douglas Denham St Pinnock	
Mee Ling Ng	

External Auditors

Carol Rudge	Grant Thornton
Nick Taylor	Grant Thornton

Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers
Justin Martin	PricewaterhouseCoopers

In attendance

Prof David Phoenix	Vice Chancellor and Chief Executive
Richard Flatman	Chief Financial Officer
Craig Girvan	Head of ICT Security (*for minutes 1 – 11*)
Paul Ivey	Pro Vice Chancellor (Research and External Engagement) (*for minutes 19 – 21*)
Ian Mehrtens	Chief Operating Officer (*for minutes 1 – 11*)
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

Welcome and apologies

1. The Chair welcomed members to the meeting. The committee welcomed Carol Rudge, the new external audit partner from Grant Thornton.

2. Apologies had been received from Shachi Blakemore and Natalie Ferer.

Declarations of Interest

3. No interests were declared on any item on the agenda.

Minutes of the last meeting

4. The minutes of the meeting held on 5 November 2015 were approved (paper **AC.01(16)**). The minutes were approved for publication subject to a review of the proposed redactions.

Matters arising

5. Minute 7 of 5 November 2015 – the committee noted that the review of journals authorisation process was in progress. An update would be provided to the meeting of 9 June 2016.

Identity and Access Management system update

6. The committee discussed an update on the progress of the identity and access management system (IAMS) project (paper **AC.02(16)**). The Chief Operating Officer reported that the system was due to go live on 25 February 2016.

7. The committee noted that the Major Projects and Investment Committee would review the post implementation review of the IBM contract, of which the IAMS project was a part.

8. The committee noted an update on data security. The Head of Information Security reported that a revised Data Security Policy was being developed. Data security training would be mandatory for all staff.

Prevent duty compliance update

9. The Chief Operating Officer gave an update on the University's compliance with the Prevent duty under the Counter-Terrorism and Security Act 2015 (paper **AC.07(16)**).

10. A self-assessment had been submitted to HEFCE setting out how compliance with the Prevent duty. The internal auditors would review the evidence for this self-assessment. The internal audit report would be considered at the audit committee meeting of 9 June 2016.

Ian Mehrtens and Craig Girvan left the meeting

Internal audit progress report

11.   PWC gave a progress report on internal audit work (paper **AC.03(16)**). It was noted that the internal auditors were just over halfway through their plan for the year. The committee noted that the audits of the HR system and data quality had been deferred to quarter 3.

12.   The committee discussed the areas where additional internal audit assurance could be required. The committee requested the Executive to review whether any additional work was required.

Continuous Auditing: Student data, period 1 2015/16

13.   The committee noted the continuous auditing report for student data for period 1, 2015/16 (paper **AC.04(16)**). The risk rating was low.

Corporate Risk Register

14.   The committee noted the risk register (paper **AC.05(16)**).

15.   The committee requested that the format of the summary of changes sheet is revised, including key dates.

16.   The committee requested an update on the Student Centre final account to the Major Projects and Investment Committee meeting of 3 March 2016.

Audit of international students update

Paul Ivey joined the meeting

17.   The committee noted an update on the audit of international students by Penningtons Manches (paper **AC.06(16)**). The audit was a mock audit in anticipation of an audit by the UK Visas and Immigration.

18.   The first audit in October 2015 reviewed LSBU's compliance with the requirements of tier 2, 4 and 5 visas. A number of recommendations were made which were being addressed. A final audit was planned for early March.

19.   The final audit report would be considered by the committee at its meeting of 9 June 2016 (**minute 29 of 5 Nov 2015 refers**). The committee requested the report to include the scope of work along with the result and findings.

London South Bank University

Paul Ivey left the meeting

Data assurance report

20. The committee discussed the data assurance report (paper **AC.08(16)**). The report was a result of the new Data Quality Policy and Data Quality Assurance framework.

21. A number of areas for improvement had been identified and an action plan developed.

22. The committee noted the internal auditors would be reviewing data quality as part of the internal audit programme.

Transparent Approach to Costing (TRAC) Return

23. The committee discussed the TRAC return which had been submitted to HEFCE on time (paper **AC.09(16)**). The committee noted that the data had met all the validations tests. The committee noted that the return had been reviewed by Shachi Blakemore, independent governor and member of the audit committee, ahead of its submission to HEFCE.

24. The committee ratified the return and its submission.

Speak up report

25. The committee noted the speak up report (paper **AC.10(16)**). No new speak up matters had been raised under the speak up policy since the last meeting.

Anti-fraud, bribery and corruption report

26. The committee noted the anti-fraud, bribery and corruption report (paper **AC.11(16)**). No issues had arisen since the last Audit Committee meeting.

Finance and Management Information (FMI) professional service structure and leadership team

27. The committee noted an update on the structure of FMI and its leadership team (paper **AC.12(16)**).

28. FMI is divided into: financial control; planning, information and reporting (including elements of the registry); fees and bursaries; procurement services; and FMI systems.

London South Bank University

Audit Committee business plan

29.   The committee noted its annual business plan (paper **AC.13(16)**).

Matters to report to the Board

30.   The committee requested that the updates on identity and access management system, Prevent duty, audit of international students and data assurance are reported to the Board meeting of 17 March 2016.

Date of next meeting

31.   It was noted that the next meeting would be at 4pm on Thursday, 9 June 2016.

The Chair closed the meeting.

Confirmed as a true record:

....
Chair

London South Bank University

		PAPER NO: AC.01(16)
Paper title:	Minutes of the meeting of 5 November 2015	
Board/Committee	Audit Committee	
Date of meeting:	11 February 2016	
Author:	James Stevenson, University Secretary and Clerk to the Board of Governors	
Board sponsor:	Steve Balmont, Chairman of the Audit Committee	
Purpose:	To approve the minutes of the past meeting as a correct record and to approve for publication	

Matter previously considered by:	N/A	N/A
Further approval required?	No	N/A

Executive Summary

The Committee is asked to approve the minutes of its meetings of 5 November 2015. Suggested redactions for publication on LSBU's website are in grey.

London South Bank
University

<div align="center">

Minutes of a Meeting of the Audit Committee
Held at 4pm on Thursday, 5 November 2015
In room 1B16, Technopark, London Road, London, SE1

</div>

Present

Steve Balmont	Chair
Douglas Denham St Pinnock	
Mee Ling Ng	
Shachi Blakemore	(*from minute 5*)

External Auditors

David Barnes	Grant Thornton (*except minutes 20-21*)

Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers (*except minutes 20-21*)
Justin Martin	PricewaterhouseCoopers (*except minutes 20-21*)

In attendance

Prof David Phoenix	Vice Chancellor and Chief Executive
Natalie Ferer	Financial Controller
Richard Flatman	Chief Financial Officer
James Stevenson	University Secretary and Clerk to the Board of Governors
Michael Broadway	Governance Manager

Welcome and apologies

1.   No apologies had been received.

Declarations of Interest

2.   No interests were declared on any item on the agenda.

Minutes of the last meeting

3.   The minutes of the meeting held on 24 September 2015 were approved (paper **AC.52(15)**) for publication, subject to the agreed redactions.

London South Bank University

Matters arising

4.   The committee received an update on data security. The Executive reported that the Identity and Access Management (IAM) project would be completed by the end of February 2016. An update will be given at the next meeting.

5.   The committee noted that it would do a self-assessment of its effectiveness every two years. A light touch effectiveness review would be carried out in alternate years.

Shachi Blakemore entered the meeting

Audit findings

6.   The external audit partner presented the audit findings for year end 31 July 2015 of Grant Thornton, external auditors (paper **AC.50(15)**). It was reported that the audit was substantially complete and that no material weaknesses had been identified. Grant Thornton agreed to reflect the updated position in relation to IT control findings in appendix A.

7.   The committee noted that the Financial Controller was reviewing the process of journals authorisation.

8.   The External Audit partner confirmed Grant Thornton's independence from LSBU.

Internal audit annual report

9.   The committee noted the final internal audit annual report (paper **AC.51(15)**). The report would be sent to HEFCE.

Going concern review

10.   The committee approved the going concern review (paper **AC.52(15)**) and recommended that the Board signs the accounts (which are prepared on a going concern basis). The review provided assurance for the going concern statement in the annual report and accounts.

Letter of representation to auditors

11.   The committee discussed the letter of representation to the auditors (paper **AC.53(15)**), 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. The committee recommended the letter to the Board for approval.

Draft report and accounts, 2014/15

12.   The committee reviewed the draft report and accounts for 2014/15 (paper **AC.54(15)**). The surplus was £1.2m.

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

Draft audit committee annual report

14.   The committee approved the draft audit committee annual report to the Board (paper **AC.55(15)**), as recommended by the executive. The final report, signed by the Chair of the Audit Committee would be submitted to HEFCE.

External audit performance

15.   The committee noted that Grant Thornton, the external auditors, had achieved their agreed key performance indicators (paper **AC.56(15)**).

Review of non-audit services

16.   The committee noted that during the year 2014/15 Grant Thornton had provided corporate tax advisory services with a value of £4,110 (paper **AC.57(15)**).

Internal controls – annual review of effectiveness

17.   The committee noted the annual review of effectiveness of internal controls (paper **AC.58(15)**). The review provides assurance for the statement of internal control in the statutory accounts. The final report was unchanged from the draft considered at the previous meeting.

Risk Register

18.   The committee noted the corporate risk register (paper **AC.59(15)**). The risks relating to international recruitment and the impact of the green paper and comprehensive spending review would be updated. The committee noted that the register was discussed at monthly operations team meetings.

Internal audit progress report

19.   The committee noted the internal audit progress report (paper **AC.60(15)**).
        Three planned internal audits were being scoped and would be reported to
        the meeting of 11 February 2016.

20.   The committee noted that PwC would review LSBU's compliance with the
        "Prevent" legislation.

21.   The Internal Audit plan would be included in future reports.

External audit tender plan

David Barnes, Charlotte Bilsland and Justin Martin left the meeting

22.   In the absence of the external and the internal auditors, the committee
        discussed the external audit tender plan (paper **AC.61(15)**). The committee
        noted that this was the final year of Grant Thornton's five year contract. The
        contract gives the option for two 12 month extensions.

23.   The committee agreed to re-appoint Grant Thornton as External Auditors for
        an additional 12 months. At the end of this extension the committee agreed
        that the contract would be re-tendered. Planning for the re-tender would start
        in early 2017 prior to the expiry of the final 12 month extension.

David Barnes, Charlotte Bilsland and Justin Martin rejoined the meeting

24.   The Chair informed Grant Thornton of the decision of the committee. The
        Chief Financial Officer would write to Grant Thornton to confirm the decision.
        The Board would be notified at its meeting of 26 November 2015.

Annual value for money report

25.   The committee noted the annual value for money report (paper **AC.62(15)**)
        which demonstrated how the university had met its value for money
        obligations during 2014/15.

Anti-fraud, bribery and corruption report

26.   The committee noted the anti-fraud, bribery and corruption report (paper
        AC.63(15)). No matters had been identified since the last meeting.

London South Bank University

Speak up report

27.   The committee noted the speak up report (paper **AC.64(15)**). No matters had been raised under the speak up policy since the last meeting.

Matters to report to the Board

28.   The committee noted that the annual report and accounts, the going concern statement, letter of representation to the auditors, the audit committee annual report, review of internal controls and the external audit contract extension would be reported to the Board meeting of 26 November 2015.

Any other business

29.   The committee noted that an audit by Penningtons had been undertaken on international recruitment. The report would be brought to the audit committee when the work is complete.

30.   The committee requested that its business plan is a standing item on the agenda.

Date of next meeting

31.   It was noted that the next meeting would be at 4pm on Thursday 11 February 2016.

The Chair closed the meeting.

Confirmed as a true record:

....
Chair

Committee	Date	Minute	Action	Person Res	Status	
Audit	05/11/2015	10	Letter of representation to the Board for approval	CFO	On Board agenda - 26 November 2015	☑ Completed
Audit	05/11/2015	12	Draft accounts to Board for approval	CFO	On agenda - 26 November 2015	☑ Completed
Audit	05/11/2015	13	Audit committee annual report to Board for noting	Secretary	On Board agenda - 26 November 2015	☑ Completed
Audit	05/11/2015	21	re-appoint Grant Thornton as External Auditors for an additional 12 months	CFO		☑ Completed
Audit	05/11/2015	21	External audit re-tender plan for 2016/17 audit to committee for approval	CFO	On forward plan	☑ Completed
Audit	05/11/2015	22	Write to Grant Thornton to confirm their re-appointment as External Auditors	CFO		☑ Completed
Audit	05/11/2015	26	Report annual report and accounts, the going concern statement, letter of representation to the auditors, the audit committee annual report, review of internal controls and the external audit contract extension to the Board meeting of 26 November 2015	CFO	On Board agenda - 26 November 2015	☑ Completed

Committee	Date	Minute	Action	Person Res	Status		
Audit	05/11/2015	27	Audit report by Penningtons on international recruitment to committee on 11 February 2016.	PVC - (R&E)	Update on agenda - audit report to June 2016 meeting	☑	Completed
Audit	05/11/2015	4	Update on data security to meeting of 11 February 2016	COO	On agenda	☑	Completed

London South Bank University

Paper title:	IAMS Implementation and Information Security – an update
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	Rob McGeechan
Executive sponsor:	Ian Mehrtens, Chief Operating Officer
Purpose:	To brief the Audit Committee on IAMS implementation and associated Information Security matters
Which aspect of the Strategy / Corporate Delivery Plan will this help to deliver?	Information security
Recommendation	The Audit Committee is requested to note the below.

Matter previously considered by:		
Further approval required?	No	On:

Management Summary:

IAMS: Until outstanding data issues are resolved we cannot go live with Stage 1 because IAMS will take data from the HRMS system, which will then be the master for staff data, and overwrite PhoneBook. This would mean that any incorrect organisational data propagated to PhoneBook would result in staff being displayed in the wrong departments and incorrect departmental codes being passed to the IDB security system. The delay to the planned go-live date is estimated to be 7-10 days, final quantification of this is currently being assessed.

Info-Sec: Progress has been made in many areas. Most notably, we have developed and updated several policies to increase our levels and awareness of Information Security.

Where we have been unable to fully enact the technical controls because of the above delays, we have instead inserted robust policies to mitigate the control area. While we are still heavily reliant on the IAMs project closure to fully-address these areas, alternate risk-

mitigating controls have been enacted in the interim and so significant progress has been made since the previous audit.

IAMS

Despite the data cleanse of both HRMS and Phonebook reportedly being complete it has become apparent that not all changes had been completed in order to reconcile the two systems. These changes are primarily around the alignment of the departmental organisational structure in HRMS and PhoneBook resulting in an as yet unknown number of changes needing to made too staff records in the HRMS system.

To assist HR and help them understand the degree to which the two systems are out of sync the project team ran reports against both systems and determined that there are 722 records where the departmental data is miss-aligned. As owners of both systems HR are now undertaking the analysis of that data to determine within those 722 records which system is inaccurate.

Recent Events/Scheduled Activity:

16th December 2015 – Previous Stage 1 deployment date. Postponed due to lack of ICT support staff and re-planned for go-live 7th January.

7th January – Revised Stage 1 deployment date. Postponed due to service issues following firstly the Keyworth Data Centre power down and then ICT staff annual leave commitments which interrupted and significantly delayed UAT testing respectively.

27th January - Stage 1 & stage 2 deployment date. Stages combined because of the proximity of revised stage 1 date and original stage 2 deployment date. IBM Code is operational and functional, awaiting final UAT sign-off from user groups. However, this date is at risk due to HR data issues which must be resolved prior to go-live.

Information Security

As a result of the delays, above, the expected completion date for IT control recommendations relying upon the IAMS project have been moved to March 2016.

However, progress has been made in many other areas. Most notably, we have developed and updated several policies to increase our levels and awareness of Information Security.

Where we have been unable to fully enact the technical controls because of these delays, we have instead inserted robust policies to mitigate the control area. While we are still heavily reliant on the IAMs project closure to fully-address these areas, alternate risk-mitigating controls have been enacted in the interim and so significant progress has been made since the previous audit.

Several other areas have also been improved that indirectly benefit the account management area, for example the number of domain administrators has been reduced, those that remain have been justified and an ongoing bi-annual review has been set up. In addition both physical and logical security has been improved in a number of areas as well as monitoring and oversight being improved for several systems and services. Security Awareness is being rolled out to all staff in Q1 this year (following a successful pilot ending in December 2015).

The following findings can be considered progressed to close or moved to ongoing BAU:

3.   There is a draft IT Security Policy but this has not yet been approved or distributed.

[CG 12/01/2016]: There is a formal IT Security Policy in place, which is available internally by navigating to the \policy URL or (www.lsbu.ac.uk/ict/news/docs/LSBU-ICT-SecurityPolicy-v1.6.pdf) this document is now also provided to all new starters.

7.   During testing of leavers we found 1 instance where a staff member had subsequently become a student. Although their AD access had been disabled, there is no record of when the account was disabled.

[CG 12/01/2016]: It's likely that this was disabled automatically by the account lockout group policy object, this information is available in Active Directory (through psTools).

8.   We also reviewed the process for granting privileged access to AD. We found that there is no documented process outlining how AD domain administrative user accounts should be created, amended or removed.

[CG 12/01/2016]: As AD Domain Administrator accounts are restricted to the Infrastructure team, this process is based on authority from the Head of the Systems team, logged through our ITSM (Topdesk) system. These accounts fall under the Account Management Policy document (appendix 1.b), however there is no documented process at this time.

9.   There are 22 AD domain administrator accounts. 9/22 accounts were role based accounts, which are higher risk as they are not assigned to a specific user.

[CG 12/01/2016]: Many accounts have now been removed/disabled, the remaining accounts have been adequately justified. As part of our second review (due January) we have widened the scope to the 5 most privileged accounts, including domain administrators in a move to reduce the overall risk to the business.

London South Bank University

	PAPER NO: AC.03(16)
Paper title:	15/16 Internal Audit: Progress Report
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	PricewaterhouseCoopers
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide an update on progress against the internal audit plan for 15/16.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Outcome 4: Strategic Enablers
Recommendation:	The Executive recommends that Committee: • Note this report into progress

Matter previously considered by:	N/A	
Further approval required?		

Executive Summary

The attached report provides a summary of the internal audit plan progress to date for 15/16.

34% of the 15/16 plan is now complete, in line with the plan for the year.

All actions from previous reports falling due at this point are in the process of implementation, as detailed on pages 7 – 10, with one recorded as completed.

The appendices provide a summary of the plan for 15/16 and a recent PWC article on the global university.

London South Bank
University

London South Bank University

Internal Audit Progress Report 2015/16

pwc

Table of Contents

Overview

Progress Summary

We have completed 34% of our internal audit programme for 2015/16, which is in line with the agreed profile for our work. An outturn statement detailing assignments undertaken and actual activity for 2015/16 is shown in Appendix 1.

For this Audit Committee, we present:

- The final report for Continuous Audit: Student Data Period One – 2015/16

Findings of our Follow Up Work

We have undertaken follow up work on actions with an implementation date of 31/01/2016 or sooner. We have discussed with management the progress made in implementing actions falling due in this period. Where the finding had a priority of low or advisory, we have accepted management's assurances of their implementation; otherwise, we have sought evidence to support their response.

A total of 12 agreed actions have been followed up this quarter. Only one has been implemented (8%); 11 are currently in progress (92%). The outstanding findings relate to the Data Security, Risk Management and Change Portfilio reviews conducted as part of the 2014/15 Internal Audit programme. Progress details are summarised at Appendix 2.

Other Matters

Our audits of Research and Enterprise Contracts and Continuous Auditing: Key Financial Systems are currently in progress.

At the request of management we have deferred our audits of Management Information: Data Quality and HR System Implementation to quarter 3. The terms of references have been issued in final and fieldwork dates have been agreed.

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. Our Higher Education Centre of Excellence and the PwC's Public Sector Research Centre (PSRC) produce a range of research and are the leading centres for insights, opinion and research on good practice in the higher education sector. We have included details of our recent publication 'The Global University' in Appendix 3. We are happy to provide electronic or hard copy versions of these documents at your request.

Recommendations

- That the Audit Committee **notes** the progress made against our 2015/16 Internal Audit Programme.
- That the Audit Committee **comments** on our final report for Continuous Audit: Student Data Period One – 2015/16.

Reporting Activity and Progress

Final reports issued since the previous meeting

Continuous Auditing: Student Data Period One

Overall, there has been an improvement in performance this period due to a decrease in the number of operating effectiveness and control design exceptions identified.

The table below summarises the overall performance rating for student data this period. This is based on the number and severity of findings noted each period. We classified the overall area as *low risk*.

Control	P1 15/16 Effectiveness	P1 15/16 Design	P2 14/15 Effectiveness	P2 14/15 Design	Trend
S1	6	-	6	-	←→
S2	-	-	1	-	↑
S3	-	-	7	-	N/A[1]
S4	-	-	3	1	↑
S5	7	1	2	1	↓
S6	4	-	9	-	↑
S7	1	-	-	-	↓
S8	-	-	-	-	←→
S9	-	-	4	-	↑
S10	-	-	1	-	↑
S11	1	-	1	-	←→
S12	-	-	1	-	N/A[1]
Total	18	1	35	0	↑

(1) We did not include any testing of Tier 4 controls this period as the University has commissioned a separate audit of this area.

Appendix 1 – Plan Progress

Days	ToR	Field work start	Exit Meeting	Final Report	Report Classification	Total findings	Critical	High	Medium	Low	Advisory
Quarter 1: August 2015 – October 2015											
Continuous Auditing: Key Financial Systems - May 2015 to July 2015											
14 (14)	06/08/2014	17/08/2015	21/08/2015	08/09/2015	N/A	-	-	-	-	-	-
Quarter 2: November 2015 – January 2016											
Continuous Auditing: Student Data - August 2015 to October 2015											
15 (15)	13/11/2015	16/11/2015	27/11/2015	18/01/2016	N/A	-	-	-	-	1	-
Research and Enterprise Contracts											
10 (1)	23/01/2016	25/01/2016									
Quarter 3: February 2015 – April 2015											
HR System Implementation											
10 (1)	27/01/2016	15/02/2016									
Management Information: Data Quality											
10 (1)	22/01/2016	08/02/2016									
Continuous Auditing: Key Financial Systems - August 2015 to December 2015											
15 (3)	06/08/2014	18/01/2016									
Continuous Auditing : Student Data - November 2015 to March 2016											
15 (1)	13/11/2015	18/04/2016									
Quarter 4: May 2015 – July 2015											
Risk Management											
5 (0)											
Value for Money											
5 (0)											
Information Security											
10 (0)											
Other											
15 (6)	Planning, contract management, reporting, value for money and follow up										
Total	**125 (42)**										

Appendix 2 – Follow Up

Review	Agreed action	Risk rating	Status	Original due date
Risk Management 2014/15	**Risk Review** We will develop a meeting action pro forma for use in review meetings.	● **Low**	The meeting action pro forma has been developed and will be used at the annual review meetings scheduled for February and March of this year.	30/11/2015

In progress

Review	Agreed Action	Risk Rating	Status	Original due date	Revised due date
Data Security 2014/15	**Starters, movers and leavers** i. We are currently working to consolidate worker information in HR System. Leaver and Joiner processes will be reviewed as part of this work. ii. We plan on holding a workshop to agree an interface between HR System and Identity/Access Management toolset. iii. Subsequent system implementations will deliver process automation. iv. We will ensure agreed processes are documented in a procedure note which will be reviewed on an annual basis and will include the areas highlighted above.	● **High**	i. **Outstanding**. The agreed action is not yet been implemented. The IAMs system, which is anticipated to go live in February 2016, shall enable the consolidation of information in the HR system. ii. **Implemented.** A workflow for HR information to enter the IAMs system and be distributed to the downstream applications has been agreed. iii. **Outstanding.** Process automation shall be delivered through the IAMs system due to go live in February 2016. iv. **Complete.** The IT Security Policy has been finalised and the Account Management Policy (covering the creation, modification and removal of access) has been prepared.	31/12/2015	31/03/2016

Risk Management 2014/15	**Risk Strategy** Produce revised risk strategy addressing these issues including a section linking the Strategy to the latest business planning process.	● **Low**	There has been some delay with the upgrade of the Insight4GRC risk management suite. The new version incorporate enhanced functionality which will impact positively on the corporate approach to risk, and the risk strategy will be updated to reflect this once the project has concluded.	30/11/2015	30/06/2016
Risk Management	**Organisational Risk Registers** i. Implement updated 4-Risk platform, with new risk review functionality. ii. Ensure the revised Risk Strategy and related training material explains the nature of risk and links to objectives more explicitly.	● **Medium**	i. There has been a delay to the implementation of the 4-Risk upgrade. ii. The revised Risk Strategy has not been prepared due to the delay to the implementation of the 4-Risk upgrade.	31/12/2015	30/06/2016
Risk Management	**Risk Review** i. We will update the Strategy so it is consistent with our new processes. ii. Our new process for business planning will ensure that risks are captured as part of this process.	● **Low**	The Investment Appraisal Process is being re-developed at the moment by the Executive, and the intent is to strengthen the links with business as usual risk management process, but the Business Case form still being used in the current process contains a risk section.	30/11/2015	30/06/2016 31/03/2016 31/03/2016
Change Portfolio 2014/15	**Portfolio Scope and Remit** The role of portfolio management is clear – to provide oversight and support to development (or transformational) projects. Roles and accountabilities will not be developed further at this level. Activity is focussed on: • Establishing a best-in-class project management approach, detailing roles, accountabilities and controls on development projects across LSBU – building on the best practice approach recently introduced in ICT and existing practice across the university	● **Medium**	An adapted project management methodology for business change projects is still in development. This is expected to be completed within January 2016. 12-month reviews of closed projects are still planned, however none have been conducted since the Audit report was issued.	30/11/2015	30/04/2016

	• Benefits approach, stakeholder engagement process, and resource management approach (detailed against relevant findings, further in this document) • Implementation of a 12-month project review process, including lessons learnt process. This is planned for projects delivered within the Change Programme, and will be detailed, with clear roles, responsibilities and outputs, in the LSBU project management approach.				
Change Portfolio 2014/15	**Benefits Management** • Guidance for identifying project benefits: alongside the implementation of the LSBU project management approach, a strategy and guidance for the definition, identification and specification of benefits is in development. This will support the creation and approval of business cases for investment. • Reporting: benefits monitoring has now been built into monthly project reports, and an online reporting process is in development. • Project closedown reports: benefits realisation: Within the 12-month project review process (noted against the previous finding), all identified benefits will be assessed to ensure they have been delivered or are on track. Guidance and oversight will ensure a consistent approach across LSBU projects.	● **Medium**	Guidance on benefits has not been completed. This shall be developed following the development of the project management methodology and business case approach. The online reporting system is not yet live. This is currently under review by the newly-appointed ICT Change Manager as well as ICT project managers.	30/11/2015	30/04/2016
Change Portfolio 2014/15	**Stakeholder Engagement During Project Approval Process** • Effective stakeholder management will be built into the LSBU project management approach. Initial engagement will be ensured through planned development of the business case process: a 'greenlight' stage is being proposed	● **Medium**	The Investment Appraisal Process is being re-developed at the moment by the Executive, and the intent is to strengthen the stakeholder enagement process, but the	30/11/2015	30/04/2016

	to Executive in October 2015, which ensures that opportunities identified and shared with all relevant stakeholders before business cases are developed. Business owners, stakeholders and support groups will then be involved throughout development. This will also support the pipeline approach, tracking prospects (opportunities) and projects, recently instituted in key teams including ICT and Research & Enterprise.		Business Case process still being used in the current process contains an engagement section.		
Change Portfolio 2014/15	**Resource Identification and Justification** • Business cases for technical projects now reflect business-as-usual and additional resources required, identifying true project costs and enabling a full cost-benefit analysis. Alongside the development of benefits identification, this approach will be built into the business case process for development projects across LSBU.	● **Medium**	This is covered by the revised Investment Appraisal Process, which is currently in the process of review/approval.	30/11/2015	30/04/2016

Appendix 3 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PwC PSRC produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

We are happy to provide full electronic or hard copy versions of these documents at your request.

All publications can be read in full at *www.psrc.pwc.com/*.

In this appendix we have included our latest publication: *'The Global University: The risks and challenges faced by higher education institutions with an international agenda'*.

The global university

The risks and challenges faced by higher education institutions with an international agenda

Higher education sector briefing

pwc

Contents

Introduction and context

This briefing document highlights the key issues and risks institutions should consider when thinking about working internationally. The concept of internationalisation will be familiar to most, but having effective operational and risk management, governance and control in this area can be more of a challenge.

The global market for higher education has become increasingly competitive, due to the development of provision in other parts of the world, changing trends in delivery models, and other political and economic factors. Student demand is reflected in the risk registers of most institutions, as well as the compliance requirements of the Home Office's UK Visas and Immigration ("UKVI") team. Approximately 446,000 international students entered the UK in 2013 (source: British Council). Around 20% of these students came from China, and the remainder from other countries such as the USA, India, Germany, Nigeria and South East Asia.

International students represent a significant source of income to the UK higher education sector. In 2013/14 of the £25.6 billion of total income, non-EU fee income alone was £3.3 billion. The dependence on overseas fee income varies significantly from zero to approximately 1/3 of total income for some institutions.

We are also seeing institutions continuing their investment in overseas activity, whether through recruiting international students, investing in overseas campuses or branches, or alternative forms of transnational education which the UK government is encouraging the growth of.

Transnational education is an area which continues to evolve, with key channels to market focused around partnerships between institutions, distance learning, and overseas campuses.

The graphic opposite illustrates some of the broader economic developments worldwide and growth of the 'E7' group of nations[1]. By 2030 for example, we estimate that the E7's purchasing power will overtake that of the G7. Over time they will contribute an increasing share of supply and demand for higher education.

UK HEIs therefore need to be clear on their internationalisation strategies, have effective day to day management of the supporting functions, while being agile (both at a governance level and operationally) and responsive to change.

1   The emerging 'E7' group of countries consists of China, India, Brazil, Mexico, Russia, Indonesia, and Turkey.

Shift in global economic power
Did you know?

2014 2030

China replaced the US as the largest economy in the world in PPP terms in 2014. We project this to happen for GDP at market exchange rates by 2030.[1]

2030

We predict that seven of the world's biggest 12 economies in 2030 will come from emerging markets, the 'E7'[1]

Three times

as many degrees are now awarded in the E7 than the G7[2]

2015

In 2015 the size of the middle class in Asia Pacific is expected to overtake Europe and North America combined[3]

In 2030, we predict that the E7 will overtake the G7 in their size and purchasing power (in market exchange rate terms)[1]
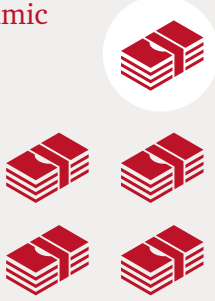
Intra-E7 trade is growing 5x as fast as intra-G7 trade[4]

More than **50%** of global CEOs are concerned about rising labout costs in emerging markets[5]

70% of companies could have at least one global business unit head based in Asia before 2020[6]

The most dynamic 'F7' frontier economies are expected to be one third bigger in five years' time[7]

2014 2019

http://www.pwc.co.uk/issues/megatrends/issues/shift-in-global-economic-power.jhtml

The above predictions come from the following sources:
1   PwC World in 2050 Projections (2015)
2   PwC analysis based on OECD, UNESCO, the Chinese National Bureau of Statistics, NASSCOM (2010-2013)
3   PwC analysis of OECD projections (2010)
4   PwC analysis based on data from UNCTAD (2013)
5   PwC's 17th Annual CEO Survey (2014)
6   '2013 Asis Business Outlook Survey'
7   PwC analysis based on projections from IMF World Economic Outlook (2014)

Key

G7: US, Japan, Germany, UK, France, Italy and Canada
E7: China, India, Brazil, Russia, Mexico, Indonesia and Turkey
F7: Nigeria, Colombia, Peru, Morocco, Vietnam, Bangladesh and the Philippines

'Off the radar' – the broad scope of international

The internationalisation agenda for many institutions has broadened in recent years. International doesn't just mean recruitment of international students anymore, the scope of how institutions operate globally is much wider as illustrated below.

Overseas activities are are mostly 'off the radar' of institutions' typical risk, governance and control structures. Our experience is that senior management are aware of the activities at a strategic level but often fail to get a grip on the operational issues and risks. A full understanding of the issues and what the appropriate assurance is to

take against those risks can be lacking, and consequently, is where we regularly see gaps.

All of the activity areas in the diagram below have been the subject of adverse media attention for some institutions, as well as a number of others which have occurred more privately.

Institutions should ensure that the issues and risks associated with these activities are fully understood, and proper risk, governance and control arrangements established. We also recommend independent assurance is sought.

Risks for institutions to consider

Overseas operations present significant opportunities but there are also important issues around risk management, governance and control which Audit Committees need to be assured over. Governing bodies and senior management should be able to answer:

- What are the key risks regarding your institution's international strategy?

- Do you receive sufficient breadth and quality of assurance over these key risks?

- Do you fully understand the range of international activities undertaken by your institution?

Risks	Considerations for the institution

1 Lack of strategy

The concept of international working is now a presumed norm for most institutions.

Most will recruit students from overseas and offer their home students overseas exchange programmes. Curriculum content has become increasingly globalised with free flow of information across the internet.

Our experience however is that the quality of international strategies varies significantly. For some institutions the concept of international is broader than student recruitment and well understood by key stakeholders.

We have also seen a number of institutions take a more naïve and scattergun approach to international. Ultimately this lessens the chances of success and exposes the institution to increased risk.

- What is your institution's strategy as regards internationalisation?

- Is it broader than simply recruiting overseas students to the UK?

- Is this strategy consistent with the broader institutional and other supporting strategies?

- Are your key management and staff aware of the strategy and their role in making it happen?

- Have you fully assessed all the risks in connection with doing business overseas, and how do you horizon scan for emerging issues which impact on that assessment?

- Have you got the right organisation, resources and other enablers in place to achieve your strategy?

- How are you operationalising your strategy?

2 Doing business overseas – the unknown factors

Internationalisation for many institutions involves setting up overseas campuses, offices and in some cases even overseas entities.

We have worked with a number of institutions who have done this. Our experience shows that while there are significant potential opportunities for growth, the 'unknown' factors of doing business overseas can pose greatest risk.

We have reviewed a number of business plans for overseas investments, which at face value were favourable. However, when taking account of local economic, taxation and other regulatory factors, the plans looked less viable.

In some cases this led directly to the institutions deciding to not pursue those investments. This shows the value of appropriate due diligence being undertaken prior to any overseas decisions being made.

- Are you aware of the incorporation requirements for setting up overseas investments?

- What are the tax, transactional, legal and regulatory requirements for operating in your key overseas markets?

- Are your business plan assumptions reflective of local circumstances around demand and costs?

- Have you tested your business plan assumptions and undertaken sensitivity analysis to understand the impact of 'downside' scenarios?

- Have you undertaken appropriate due diligence?

- Have you identified all stakeholders and a suitable local partner for any overseas ventures?

- Have you met all immigration requirements?

3 Declining student numbers

A number of institutions have experienced a reduction in overseas student applications and enrolments from individual countries as well as in overall terms.

In some cases these have been institutions who have been historically successful in recruiting overseas students.

These downturns in student enrolments can have a significant financial impact, and also impact longer term course viability.

- What is your institution's target market regarding international, and how well segmented is the institution's marketing of its offering?

- Who are your institution's key competitors and does your institution have a sufficiently unique selling point to attract prospective students?

- How effective are your institution's underlying enablers for international, including governance and oversight arrangements, organisational structure, systems and people?

- Do you have a realistic understanding of your institution's brand value in the international marketplace?

4 *Fraud and / or loss of funds*

The nature of international operations, franchised provision, or overseas projects funded by institutions means they are often at arm's length to senior management.

With these activities operating potentially 'off radar' there is an increased and inherent risk of fraud and loss of funds. For example, in some international projects, there can be a higher level of personal expenses, unfamiliar business environments, facilitation fees or a need for relying on agents.

We have seen examples of overseas projects that have been the subject of significant frauds, often involving senior members of staff and in some cases these have been perpetrated over prolonged periods of time, going unnoticed, until identified by whistle-blowers or through retrospective investigations. These are often from operating in environments where corruption is more acceptable than in the UK, which increases the risk.

Many institutions won't have experienced issues as serious as this, but the challenge for governing bodies is how they can be assured that there is no significant fraud or irregularity in connection with any of their overseas activities.

- Are the right enablers in place, including governance and oversight, organisational structure, systems and processes?

- Are governance, control and oversight arrangements sufficiently robust and designed appropriately to manage the institution's current overseas activities?

- Does your institution's governing body through its Audit Committee, receive appropriate assurance over the governance and control arrangements for its overseas activities?

- Has a fraud risk assessment been undertaken to assess potential weak spots where fraud or other irregularity could occur?

- Are your staff using their own bank accounts for business purposes as a short cut due to difficulties setting up overseas bank accounts?

5 *Legal / regulatory sanctions*

There is a significant volume of laws and regulation associated with the internationalisation agenda. This is not just when working overseas, but also in the recruitment of international students and staff.

The requirements of the Home Office UK Visas and Immigration ("UKVI") team have been in force for a number of years now.

We have seen a number of high profile tier 4 license breaches which have resulted in institutions having their license to recruit overseas students revoked. We have also seen institutions who have had to address significant internal issues to avoid their licenses being revoked.

There are other risks around understanding of laws and regulations of overseas territories complying with money laundering and other legislation such as the Bribery Act. Not understanding these can result in unintentional breaches.

Maintaining compliance with laws and regulations is therefore a business critical activity, as is keeping pace with the frequent changes in the regulations.

Key considerations in this area include:

- Are your team fully aware of the regulatory requirements, and is this awareness kept regularly up to date?

- Are your policies appropriately written to reflect the correct regulatory requirements and have you sought independent assurance as to whether they meet current UKVI compliance requirements?

- Are your systems fit for purpose to maintain compliance in this area, for example around attendance monitoring which is a common area of weakness?

- Are you seeking assurance over the operational effectiveness of key controls in this area?

6 *Reputation / brand erosion*

As with any new business activity, expansion overseas involves interacting and contracting with new organisations and individuals.

Often there is a visible public profile for these organisations and individuals, but in many cases, the true reputational and financial background cannot be easily ascertained.

There have been a number of high profile cases where institutions and other organisations have formed business relationships, or entered in to transactions, that have resulted in reputational damage. These include instances where the background of third parties have not been subject to proper due diligence, or commercial decisions have been naïve.

We have worked with a large number of institutions and other organisations to undertake reputational and other due diligence background checks on third parties. As a result of our findings, this has sometimes resulted in withdrawal from potential engagements, or in other cases, provided appropriate assurance to management.

- How well do you know the agents or third party organisations you are working with overseas, and has appropriate due diligence been undertaken?

- How comprehensive is the scope of the reputational and financial due diligence you have undertaken?

- For more high profile individuals and organisations, have you drawn in external support for undertaking due diligence, which may be more appropriate to the scale of activity or transaction?

- Are you considering issues in broader terms and from a number of perspectives? For example, are significant potential donations contingent on your institution doing things which it would not normally do?

- Are potential new ventures or business relationships considered from a taxpayer or member of the public viewpoint?

7 *Value for money*

New investments and existing operations should be regularly subjected to the value for money challenge. Institutions are required by their funding bodies to form annual conclusions over arrangements to secure economy, efficiency and effectiveness.

Internal and external audits are also required to form opinions respectively around value for money and the use of public funds being in accordance with the relevant financial memoranda with funding bodies.

There have been publicly reported cases of UK institutions making significant investments overseas or in other regions within the UK which have not recouped their initial investment costs.

While institutions should think and act commercially, robust business plans for expansion should be undertaken and informed by meaningful market research.

Institutions should also have clearly understood exit arrangements in place in the event of any live investments or activities falling into financial decline.

Institutions should also consider:

- What level of scrutiny and governing body approval do your instititon's new investments and ventures receive?

- Is your institution's scheme of delegation appropriately written to control the authorisation of new commercial ventures?

- How rigorously challenged are the assumptions underpinning your business plans?

Risks	Considerations for the institution

8 *Management distraction*

Due to the higher inherent risks with some overseas operations, they can take up a disproportionate amount of management time.

We have seen examples of this occurring where management have been so focussed on establishing new overseas ventures, that other risks have materialised, such as declining home student enrolments.

- Is there sufficient capacity within your management team to deal with the issues operating overseas presents?

- Are arrangements in place to manage risk in its entirety while new or overseas operations are being progressed?

- Have you considered increasing management and staff resources to support this agenda?

9 *Security of staff and business continuity*

Institutions are recognising the significant growth opportunities of doing business in overseas territories which are less developed.

In some cases we have seen institutions sending their people to territories where there is political instability, corruption, or a higher threat of crime or terrorist activity.

While these risks can be managed to an extent, we generally see mixed practices around institutions proactively managing risks in this area.

- Have you assessed the risk levels and advice from government agencies and media sources prior to your staff going overseas and is this regularly monitored?

- Do you have systems in place to monitor the whereabouts of all your staff who are travelling or based overseas?

- In riskier territories, do your staff travel with appropriate security personnel?

- Are there well understood arrangements for withdrawing your staff from overseas territories quickly and safely?

- What would your institution do if a high profile or senior member of staff was taken hostage by criminal agencies or terrorists?

- Have you considered the business continuity aspects of continuing with business as usual in the event of overseas difficulties?

10 *Employees working overseas*

Institutions are experiencing increasing numbers of "employees" with an international angle – the visiting lecturer from overseas, the UK employee recruiting students in an overseas market, the examiner who works from home where home is not the UK and the direct hiring of employees locally in foreign countries to work on overseas projects, to name a few regular examples.

In some cases we have even seen employees performing their UK duties while abroad without the institution even being aware they were outside of the UK.

In all such cases, overseas workers can significantly increase the employer's complexity around ensuring compliance with payroll, income tax, social security and other statutory obligations.

As tax authorities become ever more focused on employer compliance around these matters, the risk to the institution, both financial in terms of tax and penalties, and reputational increasingly are at a level where doing nothing is no longer an option.

- Do you have a system in place to monitor and manage employees working overseas?

- Have you done due diligence for each such employee and do you understand the cross-border issues from their particular scenario?

- Do you understand your employer compliance requirements in both home and host country such as payroll, tax, social security, employment law and local statutory requirements?

- Do you know the employee's individual tax and social security compliance obligations in both home and host country?

- Are you aware of any corporate tax risks such as permanent establishment?

- Have you considered any immigration risks?

- Have you assessed the risk levels and do you regularly review and audit employment tax compliance?

- Have you put in place a proper policy to ensure that employees working overseas will not be in a financially advantaged/disadvantaged position and ensured that employees will assist the employer to maintain compliance?

Key messages

These risks and challenges mean institutions need to take action now:

- Ensure your internationalisation strategy is understood across the institution and your key stakeholders and senior management are engaged with it

- Use market intelligence, on-demand levels and forms of delivery to make new investments evidence-based

- Undertake reputational due diligence and risk assessments. It is critical to understand who you are engaging with before entering in to any new business arrangements

- Assess the financial impact of new and existing overseas activities to make sure they will positively contribute to your institution's financial performance

- Understand the practicalities of doing business overseas, cultures, legal and tax requirements – this can vary significantly between territories

- Ensure exit arrangements are in place for all overseas business relationships

- Ensure key enablers are in place; governance/oversight, organisational structure, systems and strategy. Absence of these enablers can mean your best people may still struggle to deliver

- Identify and manage fraud risk appropriately as these risks can be higher when working overseas

- Maintain compliance with regulatory requirements, including UKVI, as non-compliance can have pervasive impacts on your activities

- Understand the immigration and taxation implications of your employees travelling and/or working overseas

- Seek assurance over key risk areas – don't just assume everything is as it should be. This should be as important to senior management as it is for the Audit Committee

Contacts

For information or further support please contact:

Matthew Hodge
+44 (0)113 289 4226
matthew.z.hodge@uk.pwc.com

Ian Roberts
+44 (0)113 289 4066
ian.d.roberts@uk.pwc.com

With offices in 157 countries shown in orange below, we are among the leading professional services networks in the world. Wherever you are operating globally, we will have a local office with people who can support you with your internationalisation priorities.

4. Annual plan and internal audit performance

Annual plan and indicative timeline

The following table sets out the internal audit work planned for 2015/16, with indicative start dates for each audit.

Ref	Auditable Unit	Indicative number of audit days	Q1	Q2	Q3	Q4	Comments
A	**Executive Office**						
A.5	Management Information: Data Quality	10		✔			This will consider the data quality process and triangulation of information sets.
B	**Finance and Management Information**						
B.1	Risk Management	5				✔	• Policies and Procedures • Reporting and Monitoring of risk • Risk Identification • Embedding Risk Management
B.1	Value for Money	5				✔	HEFCE requirement. We will also consider value for money arrangements on other reviews performed.
B.2	Continuous Auditing – Financial Controls	30	✔		✔		We will review controls in the following areas: • General Ledger • Cash • Accounts Payable • Accounts Receivable • Payroll
B.3	Continuous Auditing – Student Data	30		✔	✔		Rolling cycle of reviews of key controls over student data. To also include compliance checks with UKVI.
C	**People and Organisation**						
C.1	HR system implementation	10		✔			A review of the implementation of the new HR system.
E	**Knowledge Transfer**						
E.1	Research and Enterprise Contracts	10		✔			Review of controls and processes for entering into research and enterprise contracts, and related project management discipline.

G	**Academic Related Resources**						
G.1	Information Security	10				✔	Review of information security arrangements in place.
Z	**Audit Project Management**						
Z.1	Planning and Management	10	✔	✔	✔	✔	
Z.2	Follow Up	5	✔	✔	✔	✔	
	Total Days	**125**					

Suggested areas where further assurance from Internal Audit may be required:

From our work undertaken during 2014/15 and discussions with management, there are additional reviews that we believe management and the Audit Committee need to consider for inclusion in the 2015/16 plan in addition to the core days on the previous page. These include:

- Student expectations are much greater in response to rises in fees, and students expect to be able to interact with London South Bank University in a modern and efficient way. You are investing on your information systems but opportunities could be missed if the IT platform doesn't enable you to meet your outcomes or comply with your financial control requirements. The impact of a failure related to data loss, system failure, lack of business continuity, system and information breach for example is huge, not only operationally, but reputationally and financially. We have previously reviewed Business Continuity, Information Security and performed two Phishing exercises. We have included a review of Information Security in 2015/16 as this has been a recurring high risk area for the University however, we have access to a large and diverse group of IT specialists which we could utilise elsewhere for example: **IT general controls**, **cyber security**, **IT infrastructure** and/or **IT migration**.

- London South Bank University is operating in a 'crowded market' that is no longer restricted to UK based institutions. Your competition is global and your strategy needs to reflect this. Your strategy is critical to ensuring you must have unique 'USP's that make you stand out as a place to study so that London South Bank is differentiated as a provider. We can help provide critical friend support of **business plans** and **financial analysis**. We can also challenge robustness of business plans, appropriateness of underlying assumptions, as well as broader commercial considerations around how to structure the transaction.

- Institutions are continuing to invest in overseas activities, either through recruiting international students, investing in overseas campuses or branches or alternative forms of transnational education. We could:

  o Review your **internationalisation strategy**, including key assumptions and overall oversight;

  o A review of **partnership arrangements**, to ensure that these have been subject to appropriate levels of due diligence, risk management and ongoing oversight.

- The Home Office continues to enforce its compliance regime for Tier 4 students and Tier 2 staff. Our student data continuous audit provides ongoing assurance over attendance monitoring, reporting processes and compliance with acceptance criteria for Tier 4 students. However, due to the number of changes to processes we would recommend our Legal team perform a review of overall **Tier 4 and Tier 2 procedures** to assess that these are designed appropriately and comply with Home Office guidance. We would also suggest some testing of **Tier 2 controls** to confirm these are operating effectively.

- We have not reviewed contract management managements since 2010/11 and would suggest we perform a review of **contract management arrangements** to ensure they are in line with good practice and assure value for money. We could also perform a **contract deep dive**, for example your IBM contract to ensure that key contract terms and conditions are complied with.

London South Bank University

	PAPER NO: AC.04(16)
Paper title:	Continuous Audit Report into Student Data; August – October 2015
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	PricewaterhouseCoopers
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To provide the first report for the continuous audit of student data, as part of the 15/16 internal audit plan.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Outcome 1: Student Success Outcome 4: Strategic Enablers
Recommendation:	The Executive recommends that Committee: • Note this report

Matter previously considered by:	N/A	
Further approval required?		

Executive Summary

The report relates to the testing which took place in November 2015, for the period August – October 2015.

The report rating is low risk, and there were improvements in 6 controls tested, but deterioration in 2 areas, with only 1 low risk control design recommendation.

The detailed findings are in section 2 on page 3 of the report.

Internal Audit Report 2015/2016
Continuous Auditing: Student Data

Period one (1st August 2015 – 31st October 2015)

pwc

Contents

Distribution List

For action: Ralph Sanders (Director of Planning, Information & Reporting)

     Jenny Laws (Head of Registry)

     Lisa Upton (Senior Assistant Registrar)

For information: Richard Flatman (Chief Financial Officer)

     John Baker (Corporate and Business Planning Manager)

     Nuria Prades (Senior International Officer – UK and non-EU Europe)

     Neil Gillett (Immigration and International Student Advice Manager)

     Dave Lewis (Software Development Team Leader)

     Sheila Patel (Applications Support and Maintenance Team Leader)

     Andrew Ratajczak (Manager: Fees, Bursaries and Central Enrolment)

     Jamie Jones (Head of Student Administration)

     Natalie Ferer (Financial Controller)

     Audit Committee

This report has been prepared by PwC in accordance with our contract dated 15/05/2015.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Higher Education Funding Council for England's (HEFCE) Memorandum of Assurance and Accountability. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

1. *Executive summary*

Background and approach

The Higher Education Funding Council for England's (HEFCE's) Memorandum of Assurance and Accountability (MAA) states that the Audit Committee is required to produce an annual report for the governing body and the accountable officer. This report must include the Audit Committee's opinion on the adequacy and effectiveness of the University's arrangements for management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company (SLC), HEFCE and other bodies. Whilst there is no requirement for our internal audit programme to provide a conclusion over data quality, our 2015/16 internal audit programme has been designed to support the Audit Committee in forming its conclusion.

Our Student Data Continuous Audit programme tests key controls associated with data quality on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls.

We have outlined the specific controls we have tested in Appendix 2. These have been identified through our annual audit planning process and meetings with management. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University (LSBU).

Our detailed findings are set out in Section 2. A summary of our findings and the matters arising in the course of our work this period is set out below.

System summary

The table below summarises the overall performance rating for student data this period. This is based on the number and severity of findings noted each period. Our rating criteria are set out at Appendix 1.

System classification	Number of exceptions					
Low risk 🟢	**Control**	**P1 15/16 Effectiveness**	**P1 15/16 Design**	**P2 14/15 Effectiveness**	**P2 14/15 Design**	**Trend**
	S1	6	-	6	-	←→
	S2	-	-	1	-	⬆
	S3	-	-	7	-	N/A[(1)]
	S4	-	-	3	1	⬆
	S5	7	1	2	1	⬇
	S6	4	-	9	-	⬆
	S7	1	-	-	-	⬇
	S8	-	-	-	-	←→
	S9	-	-	4	-	⬆
	S10	-	-	1	-	⬆
	S11	1	-	1	-	←→
	S12	-	-	1	-	N/A[(1)]
	Total	**18**	**1**	**35**	**0**	⬆

(1) We did not include any testing of Tier 4 controls this period as the University has commissioned a separate audit of this area.

As part of our work, we also used computer assisted audit techniques (CAATS) to perform data mining procedures over a sample of courses and modules to confirm that student timetabling data is correct and to highlight any potential exceptions to management. Our findings are summarised in Section 4.

2. *Detailed findings*

	Key control	Exceptions* P2 – 2014/15	Details on exceptions	Management comment
S1	Following a student record being created in QLS at the application stage, appropriate checkpoints are performed prior to fully enrolled ('EFE') status.	**6**	**Non-international students** • In 6/25 cases, no evidence could be provided to confirm a criminal conviction check had taken place. 5 cases related to foreign exchange students and 1 related to a full time UK student. **International students** • Tier 4 controls were not tested in this period.	**Management response:** We will look at the feasibility of gathering this information as part of the enrolment process, for those applicants who are not asked this question through the standard admissions process. **Owner:** Lisa Upton, Senior Assistant Registrar
S2	On enrolment a full ID check is performed and all required paperwork is obtained, reviewed and retained.	**0**	-	-
S3	Supporting documentation is obtained and retained to ensure Tier 4 requirements are met.	N/a	• Tier 4 controls were not tested in this period.	
S4	Attendance reports are generated by schools to identify periods of non-attendance and are investigated.	**0**	-	-
S5	Supporting evidence is obtained prior to processing any course changes or withdrawals.	**7**	• In 4/25 cases, a change in course form could not be provided. • In 3/25 cases, the change in course form had not been signed by the student.	**Management response:** The Registry will amend the online log prompting student administrators to confirm they have a signed form and that this form has been filed in INVU at the time of added the item onto the log. Tom Marley (Student Administration Operations manager) has also confirmed that a communication will be sent to Student Administration staff reminding them of the requirement to have a signed form that is filed on INVU at the time of entering the request onto the course change log system. **Owner:** Lisa Upton, Senior Assistant Registrar

S6	Supporting documentation is retained for all change of circumstances. Changes of circumstances are processed on a timely basis. This testing is restricted to the testing of withdrawals.	**4**	• In 1/25 cases, a withdrawal form could not be provided. • In 3/25 cases, the withdrawal had not been processed in a timely manner.	**Management response:** See comments for S5. **Owner:** Lisa Upton, Senior Assistant Registrar
S7	Exception reports are run to identify changes made to student module data and are investigated.	**1**	• For 1 / 2 months tested no exception reports were produced. The University did not run exception reports in September because it was the start of the year; as many students were enrolling, there would be many queries regarding student's modules; Registry felt the exception reports would not give a true reflection of exceptions.	**Management response:** It was agreed by the Student Records group the report will be run every other month. September is the main enrolment/reenrolment month when module data is in transition. **Owner:** Lisa Upton, Senior Assistant Registrar
S8	Evidence is retained to support any changes.	**0**	-	-
S9	Non-conformance reports (NCRs) are generated and investigated.	**0**	-	-
S10	All new users of the QLS system must complete an authorisation form which is authorised by their line manager and IT prior to system access.	**0**	-	-
S11 `	Leavers are removed from the system on a timely basis.	**1**	• In 1/3 instances, the leaver still had access to the QLS system despite no longer working at the University.	**Management response:** To gain access to the QLS system a user would require both their QLS log in and access to an on campus PC / network to be able to log into the system. Staff ICT accounts are also disabled based on the same leavers information supplied to the Registry, which mitigates this risk. **Owner:** Lisa Upton, Senior Assistant Registrar
S12	Exception reports are run to monitor: • Students do not enrol • Withdrawals, interruptions and instances where a student finishes earlier than expected • Significant changes of circumstances occur • Visa expiry dates are upcoming	N/a	• Tier 4 controls were not tested in this period.	

* Performance is indicated either as 'green' or 'red'. 'Green' indicates that there were no operating effectiveness issues noted during the testing period. 'Red' indicates that an exception was identified. Control design issues are raised separately with individual risk ratings.

3. *Control design findings*

1. S5 – Session Code Changes

Finding
8/25 course changes selected for testing related to session code change. This is not a change in course but relates to the student's year of study and which modules they have elected to take; it does not impact fees paid.

It does not require a change in course form and the change is normally completed by a member of the Fees and Bursaries team, following instructions from a Course Administrator.

There is currently no evidence to confirm that the change has been made following the request of the Course Administrator.

Risks

Without evidence or an audit trail to support changes made it is not possible to confirm if these changes were appropriate or performed correctly.

| Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Low Risk	We will ensure that supporting evidence for changes is retained.	Lisa Upton (Senior Assistant Registrar)
		Target date:
		Immediate effect
		Reference number :
		1

4. CAATs results

Background

Each student at LSBU should have a personalised timetable. This is based on the course and modules selected. Schools produce course timetables which are input into the timetabling system (CMIS). Where there are multiple students attending the same modules, the intake may be split into separate classes. Where separate classes are required, staff log in to the system and create sub-groupings of students. This data is input into the timetabling system to ensure students have correct personalised timetables.

The timeliness of the availability of the timetable is a key issue for LSBU to ensure that the student has the correct timetable from the start of their course. It is also easier to resolve errors identified at the beginning of term than those unaddressed later in the year.

A summary of the process is outlined below:
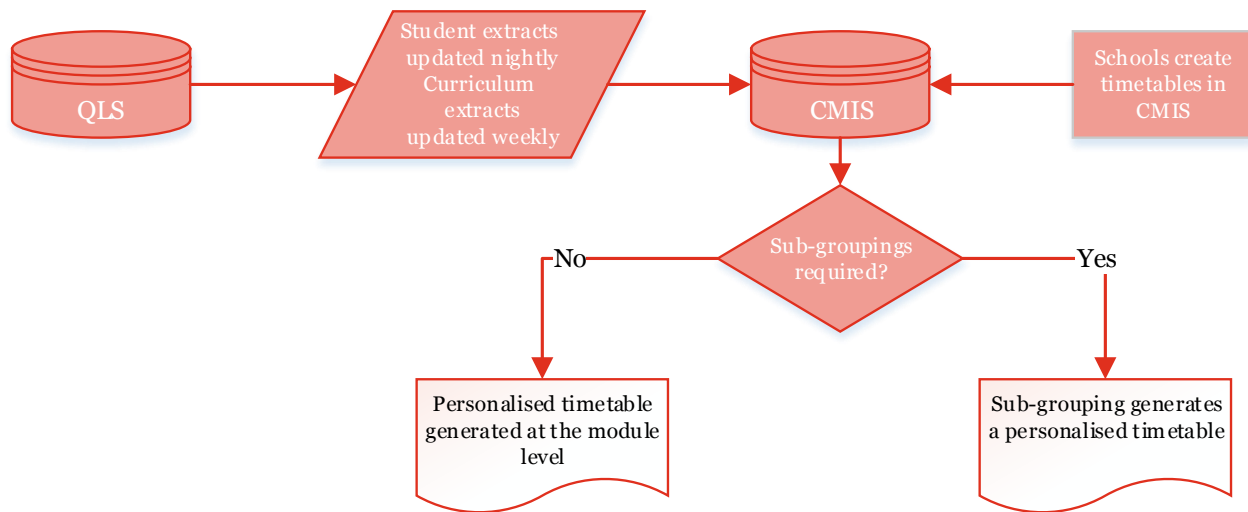
Management have highlighted that in some instances students do not have access to personalised timetables. This appears to be due to incorrect sub-groupings being logged on the system. We used data mining procedures to interrogate a sample of courses and modules to confirm that student timetabling data is correct and highlight any potential exceptions to management. This period we tested the following courses and modules:

- Courses 3975 Adult Nursing, 670 Business Admin, 4 Law, 1086 Psychology, and 101 Architecture.
- Modules: BAF_5_FOF Fundamentals of Finance, LAW_4_PEL Public and EU Law, DSS_4_ICT Introduction to Criminological Theory, HAP_6_002 Leadership, management and supervision, and PSY_4_EPA Exploring Psychological Approaches

Tests performed

We performed the following tests:

Test	Description
1	We checked that for all instances where a student is in the QLS extract, the student is also enrolled on one of these 5 modules.
2	We checked that for all instances where a student is enrolled on a module they are also in the extract taken from QLS.
3	We checked that, for all larger modules, there are sub-groupings and that the modules and their sub-groupings contain the same students.
4	We checked that, for each course, the students affiliated with the timetable are listed in the QLS extract.
5	We checked that, for each course, the students listed in the QLS extract are linked to the course timetable.
6	We checked that, for each course, the students not recorded as fully enrolled in the course timetable are not in the QLS extract.

The timeliness of the availability of the timetable is a key issue for LSBU to ensure that the student has the correct

timetable from the start of their course. It is also easier to resolve errors identified at the beginning of term than those unaddressed later in the year. Our samples relate to the current academic year (2015/16) only.

Results

Tests 1 and 2

For tests 1 and 2 we performed an analysis of all data held on QLS and CMIS. This analysis was based on a QLS extract provided by the Academic Registrars Team and the module data from CMIS provided by the Software Development Team. We would expect all students who are listed in the QLS extract to be in the module enrolments from CMIS and that all students who are listed in the module enrolments from CMIS will be listed in the QLS extract, as QLS provides this data to CMIS.

- Our analysis of this data identified 12 students over the 5 modules, who are enrolled on a module but are not in the QLS extract of students enrolled for these modules. These exceptions related to the following modules:

MODULE	Number of students
BAF_5_FOF	1
DSS_4_ICT	4
HAP_6_002	1
LAW_4_PEL	4
PSY_4_EPA	2

Test 3

We checked that, for all larger modules, there are sub-groupings and that the modules and their sub-groupings contain the same students. We found:

- 23 students enrolled on the HAP_6_002 module are not in the sub-groupings for the module..
- 10 students are in the sub-groupings for HAP_6_002 but are not enrolled for the module.

Test 4, 5, 6

We would expect all students affiliated with one of the course timetables to be listed in the extract from QLS. We would expect all students listed in the QLS extract for the five courses to be assigned to a course timetable but we would not expect students who are not fully enrolled on a course to be included in the QLS extract of fully enrolled students.

Test 4:

- 3 students are listed as fully enrolled on the course timetable for course 1086 Psychology but are not included in the QLS extract.
- 3 students are listed as fully enrolled on the course timetable for course 4 Law but are not included in the QLS extract.
- 1 student is listed as fully enrolled on the course timetable for course 101 Architechture but are not included in the QLS extract.
- 1 student is listed as fully enrolled on the course timetable for course 3975 Adult Nursing but are not included in the QLS extract.
- No exceptions were noted for course 670 Business Admin.

 Test 5:

- 1 student is included in the QLS extract for 1086 Psychology but is not listed as fully enrolled on the course time table.
- 1 student is included in the QLS extract for 101 Architechture but is not listed as fully enrolled on the course time table.
- No exceptions were noted for course 670 Business Admin, 3975 Adult Nursing or 4 Law.

Test 6:

We have provided a detailed breakdown of all exceptions to management for investigation.

Management response

A new centralized timetabling team has been set up in the Estates and Academic Environment Professional Service Group. This team are working with ICT to implement new functionality in timetabling system that aims to improve key aspects of timetabling including the delivery of personal timetables.

 Owner: Lisa Upton, Senior Assistant Registrar

Appendix 1. Assessment Criteria

System summary ratings

The finding rating in respect of each sub-process area are determined with reference to the following criteria.

Rating	Assessment rationale
● **Red**	A high proportion of exceptions identified across a number of the control activities included within the scope of our work($\geq$ 75%); or
	Control failures which, individually or in aggregate, have resulted in the significant misstatement of the University's financial records.
● **Amber**	Some exceptions identified in the course of our work, but these are limited to either a single control or a small number of controls (>20% but <75%)); or
	Control failures which, individually or in aggregate, have resulted in the misstatement of the organisations financial records, but this misstatement is not significant to the University
● **Green**	Limited exceptions identified in the course of our work ($\leq$20%); or
	Control failures which, individually or in aggregate, do not appear to have resulted in the misstatement of the organisations financial records.

Control design improvement classifications

The finding ratings in respect of any control design improvements identified in the course of our work are determined with reference to the following criteria.

Rating	Assessment rationale
Critical ●	*Critical* impact on operational performance resulting in inability to continue core activities for more than two days; or
	Critical monetary or financial statement impact of £5m; or
	Critical breach in laws and regulations that could result in material fines or consequences over £500k; or
	Critical impact on the reputation or brand of the organisation which could threaten its future viability, e.g. high-profile political and media scrutiny i.e. front-page headlines in national press.
High ●	*Significant* impact on operational performance resulting in significant disruption to core activities; or
	Significant monetary or financial statement impact of £2m; or
	Significant breach in laws and regulations resulting in significant fines and consequences over £250k; or
	Significant impact on the reputation or brand of the organisation, resulting in unfavorable national media coverage.
Medium ●	*Moderate* impact on operational performance resulting in moderate disruption of core activities or significant disruption of discrete non-core activities; or
	Moderate monetary or financial statement impact of £1m; or
	Moderate breach in laws and regulations resulting in fines and consequences over £100k; or
	Moderate impact on the reputation or brand of the organisation, resulting in limited unfavorable media coverage.
Low ●	*Minor* impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or
	Minor monetary or financial statement impact £500k; or
	Minor breach in laws and regulations with limited consequences over £50k; or
	Minor impact on the reputation of the organisation, resulting in limited unfavorable media coverage restricted to the local press.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Appendix 2. Terms of Reference

London South Bank University

Terms of reference – Continuous Auditing 2015/16: Student Data

To: Richard Flatman – Chief Financial Officer
From: Justin Martin – Head of Internal Audit

This review is being undertaken as part of the 2015/16 internal audit plan approved by the Audit Committee.

Background

The Higher Education Funding Council for England's (HEFCE) Memorandum of Assurance and Accountability (MAA) states that the Audit Committee is required to produce an annual report for the governing body and the accountable officer. This report must include the committee's opinion on the adequacy and effectiveness of the University's arrangements for management and quality assurance of data submitted to the Higher Education Statistics Agency (HESA), the Student Loans Company, HEFCE and other bodies. Whilst there is no requirement for our internal audit programme to provide a conclusion over data quality, out internal audit programme for 2015/16 has been designed to support the Audit Committee in forming its conclusion.

Our Student Data Continuous Audit programme will test key controls associated with data quality on an on-going basis to assess whether they are operating effectively and to flag areas and/or report transactions that appear to circumvent controls. Testing will be undertaken twice a year and provide the following benefits:

- It will provide management with an assessment of the operation of key controls surrounding student data on a regular basis throughout the year;

- Control weaknesses will be addressed during the year rather than after the year end; and

- The administrative burden on management will be reduced when compared with a full system review, in areas where there is sufficient evidence that key controls are operating effectively.

We have outlined the specific controls we will be testing in Appendix 1. These have been identified through our annual audit planning process and meetings with management. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University. Where the control environment changes in the financial year or we agree with management to revise our approach, we will update Appendix 1 and re-issue our Terms of Reference.

Our work touches upon the following areas that form part of our annual report to Audit Committee:

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
27	*X*	*x*	**𝒙**	*x*	*x*

𝒙 = area of primary focus

x = possible area of secondary focus

Scope

The financial processes, key control objectives and key risks within the scope of our work are detailed below.

Financial process	Key control objectives	Key risks
Student Systems	Complete and accurate records of students and their activity are maintained.	Application and enrolment data may be inaccurate. This could also result in fees not being correct resulting in students being over or undercharged and an associated impact on income.
		UKVI requirements are not complied with. This could result in London South Bank University losing their license to operate affecting fee income and leading to reputational damage.
		Student attendance records are incorrect undermining the reliability of management information.
		Course changes are not identified on a timely basis which could affect fee income, as well as student data quality.
		Reporting of changes in circumstances to the SLC are not reported and processed accurately, completely and on a timely basis. This could mean student data is inaccurate.
		Student module data is inaccurate or incomplete, undermining the reliability of data.
		Users have unauthorised access and can make inappropriate amendments to student records which could compromise the validity, accuracy and completeness of student data.
		Inadequate management information over Tier 4 students could mean that the university is not compliant with requirements.

Limitations of scope

Our work is not intended to provide assurance over the effectiveness of all the controls operated by management over student data; the focus of our work will be limited to those controls which are deemed by management to be most significant to the system under consideration.

Our work will not consider the organisations IT security framework and associated controls in place.

Our scope does not currently include any testing of controls surrounding marks. This is because London South Bank University is currently reviewing their processes and controls surrounding marking. This will be included in Phase 2 when the process has been finalised.

Our work for period 1 will not include UKVI controls; the University has procured the services of an external firm to perform an audit which covers this period so it will not be tested this period.

Time table

We will undertake our testing twice in the year, covering the following periods during 2015/16:

Phase	Period tested	Fieldwork start	Fieldwork completed	Draft Report	Response from client	Final report
1	01/08/2015 – 31/10/2015	16/11/2015	27/11/2015	11/12/2015	23/12/2015	06/01/2016
2	01/11/2015 – 31/03/2016	18/04/2016	29/04/2016	13/05/2016	27/05/2016	03/06/2016

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.

Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	0207 212 4269 justin.f.martin@uk.pwc.com
Charlotte Bilsland	Audit Manager	07715 484 470 charlotte.bilsland@uk.pwc.com
Lucy Gresswell	Audit Supervisor	07718 098 321 lucy.j.gresswell@uk.pwc.com
Alkay Masuwa	Data Assurance Manager	07737 274 209 alkay.masuwa@uk.pwc.com
Janak Savjani	Continuous Auditing Technician	janak.j.savjani@uk.pwc.com
Friederike Murach-Ward	Data Assurance Associate	friederike.e.murach-ward@uk.pwc.com

Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Richard Flatman	Chief Financial Officer *(Audit Sponsor)*	0207 815 6301 richard.flatman@lsbu.ac.uk	Review and approve terms of reference
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk	Review draft report
Andrew Ratajczak	Manager; Fees, Bursaries and Central Enrolment	ratajca@lsbu.ac.uk	Review and approve final report Hold initial scoping meeting
Neil Gillett	Immigration and International Student Advice Manager	neil.gillett@lsbu.ac.uk	Review and meet to discuss issues arising and develop management responses and action plan
Nuria Prades	Senior International Officer (UK & non-EU Europe)	pradesn@lsbu.ac.uk	
Lisa Upton	Deputy Academic Registrar (Acting)	uptonl@lsbu.ac.uk	
Dave Lewis	Software Development Team Leader	dave.lewis@lsbu.ac.uk	Audit contact
Jenny Laws	Head of Registry	lawsjr@lsbu.ac.uk	Audit contact
Jamie Jones	Head of Student Administration	jamie.jones@lsbu.ac.uk	Audit contact
Sheila Patel	Applications Support and Maintenance Team Leader	sheila@lsbu.ac.UK	Audit contact
Natalie Ferer	Financial Controller	ferern@lsbu.ac.uk	Audit contact

Appendix 1: Key controls schedule

Based upon our understanding of the key student data controls at London South Bank University and in discussion with management, we have agreed that the operating effectiveness of the following controls will be considered. These have been mapped to the key risks identified as in scope above.

Our testing will be applicable to all students, with the exception of Tier 4 controls.

Key risk	Key control	Frequency of control	Approximate sample size* ** For ad hoc controls, this will depend on the number of transactions in the testing period*	Testing approach	Ref
Enrolment					
Application and enrolment data may be inaccurate. This could also result in fees not being correct resulting in students being over or undercharged and an associated impact on income.	Following a student record being created in QLS at the application stage, appropriate checkpoints are performed prior to fully enrolled ('EFE') status. **Key contact:** Lisa Upton (non-international students) and Nuria Prades (international students)	Multiple times daily	25 international students 25 non-international students	We will obtain a listing from management of students who have applied to London South Bank University and check that the following checks have been performed prior to EFE status: • Criminal conviction check (self-declaration by students) • Entry criteria have been met We will select an additional sample of 25 international students and confirm the following checks have been performed where applicable: • The passport photo page has been retained for non-EU applicants • The London South Bank University immigration form has been completed and retained (for non-EU applicants UK based only) • Copies of previous UK visas (for non-EU applicants UK based only)	S1
	On enrolment a full ID check is performed and all required paperwork is obtained, reviewed	Multiple times daily	25	We will obtain a listing from management of students who have enrolled during 2015/16. We will	S2

	and retained. **Key contact:** Lisa Upton				select a sample and for each student we will confirm that: • An enrolment form has been completed and that this confirms an ID check has been performed. **Note: we will confirm whether 2 forms of ID and a copy of the passport has been retained for international students as part of S3.**
UKVI requirements are not complied with. This could result in London South Bank University losing their license to operate affecting fee income and leading to reputational damage.	Supporting documentation is obtained and retained to ensure Tier 4 requirements are met. **Key contact:** Neil Gillett and Nuria Prades	Multiple times daily	25	We will obtain a listing from management of Tier 4 students who have enrolled and select a sample to confirm that the following evidence has been retained on their student record: • Evidence that the student meets English language requirements; • A copy of the prospective students passport showing all personal identity details, including the front page of the passport and if applicable, leave stamps, or immigration status document including their period of immigration permission to enter; • Evidence that a second form of ID has been reviewed; • Evidence that financial documents have been checked to ensure they meet requirements of Tier 4; • The student's Confirmation of Acceptance to Study (CAS) has been recorded on the student	S3

			record system;	
			• London South Bank University communicated to the student what documents were needed for visa application before enrolment;	
			• Where the student's course requires an ATAS clearance certificate, a copy of the certificate or electronic approval notice from the Foreign and Commonwealth Office has been retained;	
			• A TB test has been requested where applicable;	
			• An Immigration History form has been completed; and	
			• A history of past addresses is recorded on the system.	

Accuracy of student record data

Student attendance records are incorrect undermining the reliability of management information.	Attendance reports are generated by schools to identify periods of non-attendance and are investigated. **Key contact:** Jamie Jones, Head of Student Administration *Business school* Tom Marley and Nicola Hallas *Health and Social Care* Anisa Salim and Cathy Rowe *School of Arts and Creative Industries; School of Social Sciences and Law; Psychology* Sharon Holmes and Nicola Hallas *School of Architecture and Built*	Ad hoc	4	We will select the most recent attendance report generated by the school and confirm that these have been: • Produced • Actions have been taken to investigate periods of non-attendance in accordance.	S4

Course changes are not identified on a timely basis this could affect fee income.	Supporting evidence is obtained prior to processing any course changes or withdrawals. **Key contact:** Andrew Ratajczak	Multiple times daily	25	We will obtain a report from management of all course changes within the testing period. We will select a sample of students and for each student we will confirm: • A form has been completed which supports the change; • The form has been authorised by the student and the School; • The course changes log has been updated and agrees to QLS; • The change was only action on QLS after the form was authorised by the student and faculty and after the course change log was completed; *This will include ETROC and EFAFU codes only.*	S5
Reporting of changes in circumstances to the SLC are not reported and processed accurately, completely and on a timely basis. This could mean student data is inaccurate.	Supporting documentation is retained for all change of circumstances. Changes of circumstances are processed on a timely basis. **This testing is restricted to the testing of withdrawals.** **Key contact:** Andrew Ratajczak	Ad hoc	5 - 25	We will obtain a listing of all students who have withdrawn in the period and select a sample to test that: • There is a letter or form from the student requesting withdrawal; • That the date the change was applied to the system on a timely basis.	S6

Student module data is inaccurate or incomplete, undermining the reliability of data.	Exception reports are run to identify changes made to student module data and are investigated. **Key contact:** Lisa Upton	Monthly	2	We will select a sample of months and confirm that: • An exception report has been generated; • The exception report has been discussed at periodic meetings; • Actions have been taken to interrogate and resolve exceptions.	S7
	Evidence is retained to support any changes. **Key contact:** Lisa Upton	Ad hoc	5 - 25	Using the most recent exception report, we will select a sample of changes to module data and test to confirm that these have been processed correctly and agree to supporting evidence.	S8
	Non-conformance reports (NCRs) are generated and investigated. **Key contact:** Lisa Upton	Ad hoc	5 - 25	We will select a sample of months to confirm that NCRs have been generated in this period. We will select a sample of NCRs (based on total number produced in the testing period) and select a sample to confirm that the NCR has been filled out completely and accurately, including action plans to address non-conformance.	S9
System Access					
Users have unauthorised access and can make inappropriate amendments to student records which could compromise the validity, accuracy and	All new users of the QLS system must complete an authorisation form which is authorised by their line manager and IT prior to system access. **Key contact:** Lisa Upton	Ad hoc	5 -25	We will obtain a listing of all new users set up on QLS in the testing period and select a sample of users to test that: • An authorisation form was completed; • The form has been authorised by	S10

completeness of student data.				their line manager and IT; • The form is dated before their system set up date.	
	Leavers are removed from the system on a timely basis. **Key contact:** Lisa Upton	Ad hoc	5 -25	We will obtain a listing of all leavers during the testing period and select a sample of users to test that their account has been de-activated.	S11
Management Information					
Inadequate management information over Tier 4 students could mean that the university is not compliant with requirements.	Exception reports are run to monitor: • Students do not enrol; • Withdrawals, interruptions and instances where a student finishes earlier than expected; • Significant changes of circumstances occur; and • Visa expiry dates are upcoming. **Key contact:** Neil Gillett and Nuria Prades	• Termly; • Weekly • Weekly • Monthly	• 1 • 5 • 5 • 2	We will select a sample of reports to confirm these are produced and that actions are taken to investigate and resolve exceptions.	S12

Appendix 2: Computer Assisted Audit Techniques (CAATs)

Each student at London South Bank University should have a personalised time table. This is based on the course and modules selected. Schools produce course timetables which are input into the timetabling system (CMIS). Where there are multiple students attending the same modules, the intake may be split into separate classes. Where separate classes are required, staff log in to the system and create sub-groupings of students. This data is input into the timetabling system to ensure students have correct personalised timetables.

Management have highlighted that in some instances student do not have access to personalised timetables. This appears to be due to incorrect sub-groupings being logged on the system. As part of our fieldwork we are using CAATs to perform data mining procedures over a sample of courses and modules to confirm that student timetabling data is correct and highlight any potential exceptions to management. This period we will be testing:

Five courses:

- 3016, BEng (Hons) Petroleum Engineering
- 2384, BSc (Hons) Diagnostic Radiography
- 4194, BA (Hons) Drama and Performance
- 2134, BEng (Hons) Chemical and Process Engineering
- 191, BEng/BEng (Hons) Civil Engineering

Five Modules

- EBB_4_020
- AME_5_CLP
- EAB_S_972
- BAF_5_FAA
- LAW_4_FPL

Approach

- We will request data detailing the module timetables and the students registered to that module from a five modules from five courses from five year groups.

- We will test that students registered to each module have received their personal timetables and whether any students who are not enrolled to these particular courses have been added incorrectly to these modules.

Output

The results of our fieldwork will be included as an Appendix in our report. We will provide the detailed data analysis to management separately to investigate any exceptions noted.

Deliverables request

- Module timetable data from CMIS including students registered to the module. (Key contact: Dave Lewis)

- List of students enrolled to each module. (Key contact: Sheila Patel)

Appendix 3. Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of Continuous Auditing: Student Data, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. 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.

Future periods

Our assessment of controls is for the period specified only. 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.

Responsibilities of management and internal auditors

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 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

London South Bank University

	PAPER NO: AC.05(16)
Paper title:	Corporate Risk Register
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	John Baker – Corporate & Business Planning Manager
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To provide Committee with the current corporate risk register.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	The corporate risk register is aligned to the corporate strategy.
Recommendation:	Note: • the risks and their ratings, • the allocation of risks to corporate objectives

Matter previously considered by:	Operations Board	On: 26 January 2016
Further approval required?		

Executive Summary

The register is a dynamic document managed within the 4-Risk platform. This record presents all identified Corporate Risks, grouped by Corporate Objective, with impact and likelihood assessments, and related controls and actions; as at 21 December. The summary pages present the totality of risk on a 1 page matrix, along with a record of all changes and action progress updates since the last presentation of the register.

LSBU Corporate Risk Register cover sheet: Risk overview matrix by impact & residual likelihood

Date: 21st December 2015	**Author:** John Baker – Corporate & Business Planning Manager	**Executive Lead:** Richard Flatman – Chief Financial Officer

3 - High	2 - Medium	1 - Low	Impact
	2: Revenue reduction if marketing and PR activity does not achieve recruitment targets (PI)	1: Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape (DP)	**4 Critical** *fail to deliver corporate plan / removal of funding or degree awarding status, penalty / closure*
457: Anticipated international student revenue unrealised (PI)	6: Management Information is not meaningful, or reliable for decision making or reporting (RF) 14: Potential loss of NHS contract income (WT) 305: Data not used / maintained securely (IM) 362: Low staff engagement impacts performance negatively (DP) 3: Increasing pensions deficit (RF) 402: Income growth from R&E unrealised (PI) 467: Progression rates don't rise (PB)	37: Capital investment ambitions of forward estates strategy undermine financial sustainability (RF)	**3 High** *significant effect on the ability for the University to meet its objectives and may result in the failure to achieve one or more corporate objectives*
	398: Academic programmes not engaged with technological and pedagogic developments (SW)	397: Effectiveness of delivery impaired as institution goes through restructuring processes (DP)	**2 Medium** *failure to meet operational objectives of the University*
			1 Low *little effect on operational objectives*
3 - High	2 - Medium	1 - Low	
The risk is likely to occur short term	*This risk may occur in the medium term.*	*This risk is only likely in the long term*	
	Residual Likelihood		
Executive Risk Spread: VC – 3, DVC – 1, CFO – 3, PVC-S&E – 1, PVC-R&EE – 3, COO – 1, Dean Health – 1, ExD-HR – 0, US - 0			

Changes since presentation at November Audit Committee, and overdue action progress updates detailed below:

Reference	Risk title	Changes made
Goal 3: Real World Impact - Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise		
398 (SW)	Low engagement with technological or pedagogic developments	
467 (PB)	UG Progression rate doesn't rise	
Goal 4: Real World Impact - Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital.		
402 (PI)	2020 income growth through Research & Enterprise	**Forecasting action progress note:** The Cognos Business Development reporting which provides on demand views from Raisers Edge enterprise sales opportunities is currently in UAT. We expect to launch formally in January. This provides the sales pipeline and conversion trends by school that are needed to support more developed longer range forecasting. Longer term research forecasting is dependent on modifications to the current SharePoint system. The detailed brief was submitted to ICT on the 17.09.15 and the KT&E team are still waiting for the formal cost and project schedule. **Performance reporting action progress note:** The first draft of PIs is complete except for the research pipeline performance data. **Academic Engagement action progress note:** Formal REI workshop programme focused on up-skilling and engaging academics has been launched end November.
Goal 6: Access to Opportunity - Internationalisation: Developing a multicultural community of students & staff through alliances & partnerships.		
457 (PI)	International student £income unrealised	**Penningtons Audit Action implemented:** The UKVI actions are all in place. An account handling group consisting of all the key services, plus the Deans was established to take this forward. LSBU was re-audited last week to check on progress & the auditors were happy with the progress made.
Goal 7: Strategic Enabler - People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.		
1 (DP)	Response to environmental change & reputation	
362 (DP)	Poor Staff Engagement	**Engagement strategy action closed:** Whilst no formal strategy has been produced (pending a full review of OD activities and team structure). A number of engagement activities relating to the outcome of the Employee Engagement Survey and Leadership Climate Survey have taken place. These included; launching the Values, work on Leadership Development, regular internal communications, Wellbeing etc. This work is on-going and new priorities arising from the Employee Engagement Survey 2016 which is currently being developed and is due to launch in February 2016 will form the basis of the new Engagement Strategy 2016 – 2020. **Behavioural Framework activities action recorded as implemented:** Work continues within ODT to deliver the Values and Behavioural Framework into the way LSBU operates. This has included promotional posters, pens, badgers, banners to build awareness of the EPIIC branding alongside activities to truly embed the Values into the way we operate in a meaningful way. This includes; developing online team and self-assessment tool and materials, linking to Appraisal, Academic Framework, leadership Development, Training courses and materials, job specifications, the Learning

		Pathway. A refreshed awareness campaign is planned for early 2016 alongside the analysis of the results of the Employee Engagement Survey. Further work needs to take place to embed the Values into our interactions with Students as well as internally.
397 (DP)	Restructuring impact	
Goal 8: Strategic Enabler - Infrastructure: Investing in first class facilities and outcome focused services, responsive to academic needs.		
2 (PI)	Home & EU Recruitment income targets	
3 (RF)	Pensions deficit	
6 (RF)	Quality and availability of Management Information	
14 (WT)	Loss of NHS income	
37 (RF)	Estates strategy £ impact	Student Centre negotiations action progress note: Programming expert engaged to adjudicate on the decisions taken in respect of the refused extension of time claim & met with Mansell to agree a final account by March 2015. We await a meeting with the senior Director of Balfour Beatty early in 2016.
305 (IM)	Data Security	PWC Audit Findings action progress update Internal Audit progress reports records that one finding is implemented and two are still in progress, majority completion expected by end December 15. Mandatory training action progress update The current plan is to pilot the content with the Library and LRC staff during November, and then to phase staff rollout towards the end of the year.

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
398	Academic programmes do not engage with technological and pedagogic developments which support students and promote achievement **Risk Owner: Shan Wareing** **Last Updated: 05/11/2015**	**Cause & Effect:** Cause: LSBU does not effectively exploit the learning potential of new technologies. Curriculum do not adapt sufficiently for students to develop the knowledge, behaviours and skills valued by employers Support mechanisms do not provide some students with the learning support they need to navigate and succeed in the learning environment. Effect: Retention does not meet the targets within the 5 year forecast. Employability of LSBU graduates does not improve. Market appeal of courses is impaired	2 3 Medium	Delivery of the Technologically Enhanced Learning Strategy (TEL) through the Learning Pathway Programme.	2 2 Medium	Actively pursue the long term objectives of the TEL strategy via establishing CRIT (Centre for Research Informed Teaching). **Person Responsible: Shan Wareing** **To be implemented by: 31/12/2015** Invest in pilots and subject-specific developments, consistent with local expertise, motivation and market intelligence, to ensure staff & students are able to experiment with appropriately controlled risks. **Person Responsible: Shan Wareing** **To be implemented by: 30/06/2016** Liaise with legal team to provide assurance on usage of student data within analytics projects. **Person Responsible: Grace McCalla** **To be implemented by: 24/12/2015** Co-ordinate (with DESEs) School intervention projects using analytics data, and produce report on plans and outcomes. **Person Responsible: Lesley Roberts** **To be implemented by: 31/05/2016**

4Risk

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority		Existing Controls	Residual Risk Priority		Action Required
467	Progression rate across undergraduate programs does not rise in line with targets of Corporate Strategy **Risk Owner: Pat Bailey** **Last Updated: 05/11/2015**	**Cause & Effect:** Cause: Low tariff students admitted through clearing. ESE analytics dashboards not utilised. High risk students are not identified in a timely way and supported sufficiently. Students don't engage with new initiatives. Support provided fails to bridge support gap for students entering through non-traditional access routes. Effect: Progression rate fails to increase. Hefce could view institution as high risk. Data could have negative impact in any REF type teaching review processes. Considerable lost income to institution from Y2 & Y3 potential enrolments.	3 2 **High**		Study Support & Skills Sessions provided by the Library &LRC Student Welfare advice and support provided by Student Life Centre	3 2 **High**		Produce report for Ops Board reviewing success of Summer School Intervention **Person Responsible: Jenny Laws** **To be implemented by: 30/11/2015** Work with Schools & Student Support to establish use of Personal Tutoring system to identify students at risk of non-progression and act as foundation for intervention. **Person Responsible: Shan Wareing** **To be implemented by: 31/05/2016** Utilise Learner Analytics at Course Level to plan interventions for courses with low completion rates. **Person Responsible: Lesley Roberts** **To be implemented by: 30/04/2016**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority		Existing Controls	Residual Risk Priority		Action Required
402	Income growth expected from greater research and enterprise activity does not materialise **Risk Owner: Paul Ivey** **Last Updated: 29/06/2015**	**Cause & Effect:** Cause: 1) A competitive & challenging market environment with rising standards, as Universities seek to expand & diversify income across research and enterprise, competing for the similar opportunities and funders. 2) Recent history of projecting then failing to deliver increased enterprise income, and lack of proven forecasting systems. 3) The aggressive and complex turnaround required to reverse a weakening LSBU income trend carries intrinsic high risk. 4) dependence on HSC CPPD income (which forms around half of enterprise income.) 4) New structures (academic & professional function) fail to entice and encourage academic participation in activity. 5) Limitations of academic capacity and capability are slow to be rectified. 6) Internal competition for staff time from a range of newly invigorated LSBU activities over and above teaching. 7) TNE partnerships are not approved, or break down when contacts relocate. Effect: 1) Income growth expectations of	3　　2 High		R&E activity Pipeline Reports (Financial & Narrative) will be provided to each Operations Board Meeting to aid constant scrutiny and review of progress against 5 year income targets. Enterprise Business Plan & strategy submitted for approval annually to SBUEL Board (which has 2 Non-Executive Directors) for monitoring & quarterly updates provided at LSBU Board meetings.	3　　1 Medium		Establish two-tier robust forecasting and reporting systems for R&E covering in-budget year and longer time horizon, working with Finance, Schools and REI staff. **Person Responsible: Gurpreet Jagpal** **To be implemented by: 31/07/2015** Formal academic R&E engagement plan, with sub-sections by Schools and Enterprise Institute. Include establishment of baseline measures including academic activity and LSBU ability to service identified leads and opportunities. Work with Organisational Development as required. **Person Responsible: Gurpreet Jagpal** **To be implemented by: 30/09/2015** Develop formal process by which the KPI and PI that drive R&E performance are reviewed routinely by the institution. Establish baseline performance for 2014-15 and implement up to date capture processes from the new financial year. **Person Responsible: Gurpreet Jagpal** **To be implemented by: 31/07/2015**

4Risk®

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
		the Corporate Strategy unrealised. 2) Undiversified enterprise portfolio with the dependency on HSC and CPD overall. 3) Reduced income is accompanied by lower financial contribution, as an increased proportion of delivery is sourced outside core academic staff. 4) Increased dependency on generating enterprise opportunities via Knowledge Transfer outreach as opposed to an academic-led stream, results in higher opex costs. 5) The holistic benefits for teaching and the student experience from increased external engagement, and in particular from the new types of income projected i.e. applied research, consultancy, KE as opposed to CPD are reduced. 6) Pressure on research funding opportunities not only reduces income but the proportion of staff resource diverted to winning new funding is significantly increased. 7) Reduced research income adversely affects the research environment, publication rates, evidence of impact, student completions, & ultimately LSBU REF 2020 rating. 8) Inability to align academic resource with identified market opportunities. 9) TNE enterprise expectations unrealised.				

4Risk

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
457	Anticipated international student revenue unrealised **Risk Owner: Paul Ivey** **Last Updated: 06/11/2015**	**Cause & Effect:** Cause: UK government process / policy changes. Restriction on current highly trusted sponsor status. Issues connected with english language test evidence. Anticipated TNE growth does not materialise. Effect: LSBU unable to organise visas for students who wish to study here. International students diverted to other markets. Expected income from overseas students unrealised. Conversion impact of LSBU TNE students doesn't materialise.	3 3 High	Regular reporting of Visa refusal rates to Director of Internationalisation by Immigration Team. Recruitment Reports presented to each meeting of Ops Board.	3 2 High	Implement 'One More Student' Campaign with agent network & counsellors to stimulate recruitment routes. **Person Responsible: Jennifer Parsons** **To be implemented by: 30/03/2016** Review International Office activity plan for Semester 2 recruitment phase to stimulate enrolment. **Person Responsible: Jennifer Parsons** **To be implemented by: 30/11/2015** Develop University wide implementation plan in response to findings of recent UKVI audit by Penningtons. **Person Responsible: Jennifer Parsons** **To be implemented by: 24/12/2015**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
1	Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape **Risk Owner: David Phoenix** **Last Updated: 05/11/2015**	**Cause & Effect:** Causes: - Changes to fees and funding models - Increased competition from Private Providers - Government policy changes and SNC cap removal - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position Effects: - Further loss of public funding - Loss of HEFCE contract numbers - Failure to recruit students - Business model becomes unsustainable	4 3 Critical	Ketchum appointed to advise LSBU on the ongoing changes to the political environment for higher education & its external communications in response to these changes. Financial controls (inc. forecasting & restructure) enable achievement of forward operating surplus target communicated to Hefce in July Forecast. A horizon scanning report produced by the Director of Strategic Stakeholder Engagement is provided to each meeting of the Executive. Maintain relationships with key politicians/influencers, boroughs and local FE Annual review of corporate strategy by Executive and Board of Governors Student Access & Success Strategy for 14/15 through OFFA	4 1 High	

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
362	Low staff engagement impacts performance negatively **Risk Owner: David Phoenix** **Last Updated: 02/06/2015**	**Cause & Effect:** Causes: •Bureaucracy involved in decision making at the University •No teamwork amongst departments at the University •Staff feeling that they do not receive relevant information directly linked to them and their jobs •Poor pay and reward packages •Poor diversity and inclusion practises Effects: •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases	3 3 **High**	Cascade messages from Ops Board circulated for Cascade Meetings within each School & Professional Function. Departmental Business Planning process Direct staff feedback is encouraged through the "asktheVC@" email address and through feedback forms on intranet and 'developing our structures' microsite. Scheduled Team meetings Regular Business review meetings	3 2 **High**	Develop an engagement strategy, building on the Leadership Climate Indicator Survey & past Employee Engagement Survey results. **Person Responsible: Cheryl King-McDowall** **To be implemented by: 30/09/2015** Deliver a planned programme of activities to ensure continued awareness raising and promotion of the Behavioural Framework, to embed the values in to HR documentation, and to develop baseline measures. **Person Responsible: Cheryl King-McDowall** **To be implemented by: 31/07/2015** Design and circulate Staff Engagement Survey. **Person Responsible: Cheryl King-McDowall** **To be implemented by: 30/01/2016**

4Risk

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
397	Effectiveness of delivery impaired as Institution goes through restructuring process **Risk Owner: David Phoenix** **Last Updated: 02/11/2015**	**Cause & Effect:** Cause: The structural re-organisation of academic groupings from 4 faculties to 7 schools. The re-focusing of support departments into professional service clusters. - undertaken to underpin academic and business effectiveness. Effect: Staff morale could be impacted negatively by process of change, and by perceived threats to job security, which impairs enthusiasm and contribution in role. High performing staff seek employment elsewhere, causing skills shortages & loss to institutional knowledge base. Reduced Service levels - to staff and students - by teams trying to deliver business as usual whilst also going through the change process. Potential strike action if union engagement breaks down. Data reliability might be impaired if the translation process encounters issues such as unforeseen time or money resource implications.	3 2 High	Programme Board will meet for 12 months as the Corporate Delivery Board (CDB) – to enable Exec monitoring of current & upcoming projects, and to oversee change across LSBU at a high level. Central Programme Management Office (PMO) is in place to manage governance, oversight and reporting of 'monitored' and 'managed' changes, & management of related risks, issues, communications, benefits, and dependencies. Executive Communications Strategy designed to ensure significant consultation with internal and external stakeholders. Routine monitoring of high level action tracker for institutional transition by Operations Board. Staff Gateway links to web micro-site with all the "Your Career Matters" forms and guidance documents, including FAQs, and monitored yourcareeermatters@ email for all queries. Regular report to Operations Board on the Opportunities risks and issues in the "Creating the Schools" project.	3 2 High	

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
2	Revenue reduction if marketing and PR activity does not achieve Home/EU recruitment targets **Risk Owner: Paul Ivey** **Last Updated: 29/09/2015**	**Cause & Effect:** Causes: - Changes to UGFT fees - Increased competition (removal of SNC cap in 15/16) - Failure to develop and communicate brand & lsbu graduate attributes - Lack of accurate real-time reporting mechanisms - Poor league table position - Portfolio or modes of delivery do not reflect market need - Tighter tariff policy during clearing Effects: - Under recruitment - loss of income - Loss of HEFCE contract numbers - to 14/15 - Failure to meet related income targets	4 3 Critical	Report on student applications is presented to every monthly meeting of Operations Board & reviewed by Board of Governors Advance predictions of student recruitment numbers informs the Annual five year forecast submitted to Hefce each July Differentiated marketing campaigns are run for FTUG, PTUG and PG students on a semesterised basis.	4 2 Critical	

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
3	Staff pension scheme deficit increases **Risk Owner: Richard Flatman** **Last Updated: 14/04/2015**	**Cause & Effect:** Causes: - Increased life expectancies - Reductions to long term bond yields, which drive the discount rate - Poor stock market performance - Poor performance of the LPFA fund manager relative to the market - TPS/USS schemes may also become subject to FRS17 accounting Effects: - Increased I&E pension cost means other resources are restricted further if a surplus is to be maintained - Balance sheet is weakened and may move to a net liabilities position, though pension liability is disregarded by HEFCE - Significant cash injections into schemes may be required in the long term	3 3 High	Switch of inflator from RPI to CPI (expected to be lower in the long term) Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars Annual FRS 17 valuation of pension scheme Regular participation in sector review activity through attendance at LPFA HE forum, & UCEA pensions group by CFO or deputy. Regular Reporting to Board via CFO Report DC pension scheme for SBUEL staff. Tight Executive control of all staff costs through monthly scrutiny of management account and operation of recruitment freeze policy with defined exceptions. New LPFA scheme terms, effective April 2014, with increased personal contributions Strict control on early access to pension at redundancy/restructure	3 2 High	

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
6	Management Information is not meaningful, unreliable, or does not triangulate for internal decision or external reporting **Risk Owner: Richard Flatman** **Last Updated: 05/11/2015**	**Cause & Effect:** Causes: - Lack of strategic vision for ICT - Proliferation of technology solutions - Data in systems is inaccurate - Data in systems lacks interoperability - Resource constraints & insufficient staff capability delay system improvement - Lack of data quality control and assurance mechanisms Effects: - Insufficient evidence to support effective decision-making at all levels - Inability to track trends or benchmark performance - Internal management information insufficient to verify external reporting - unclear data during clearing & over-recruitment penalties - League table position impaired by wrong data - Failure to satisfy requirements of Professional, Statutory and Regulatory bodies (NHS, course accreditation etc)	3 3 **High**	Internal Auditors Continuous Audit programme provides regular assurance on student and finance information, including UKVI compliance. Engagement between International Office, Registry & School Admin teams to ensure UKVI requirement compliance, specifically regarding: - Visa applications and issue of CAS - English lanuage requirements - Reporting of absence or withdrawal Systematic data quality checks and review of key data returns prior to submission by B.I.U. International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKVI processes. Sporadic internal audit reports on key systems through 3 year IA cycle to systematically check data and related processes: - HR systems - Space management systems - TRAC - External returns	3 2 **High**	

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority		Existing Controls	Residual Risk Priority		Action Required
14	Loss of NHS contract income **Risk Owner: Warren Turner** **Last Updated: 07/10/2015**	**Cause & Effect:** Cause: NHS financial challenges/ structural change is resulting in a total review of educational comissioning by Health Education England with an expected overall reduction in available funding. In addition late decision making over community programmes. Plus London Educational Contracts (pre-registration) are running on an extension, all to be renewed by April 2016 with likely re-tendering. Recruitment to contracted programmes is buoyant. Risk is of reduction in NHS contracted pre-registration numbers as a result of re-tendering exercise coupled with reduction in overall funding across the NHS. Effect: Reduction in income Reduced staff numbers Negative impact on reputation	3	3 **High**	Named Customer Manager roles with NHS Trusts, CCGs and HEE. Monitor quality of courses (QCPM and NMC) annually in autumn (QCPM) and winter (NMC) Support with numeracy and literacy test preparation Develop BSc Health and Social Care by September 2015 for applicants not meeting course tariffs requirments and to support PGDip recruitment. Regular contact with HEE DEQs, None Medical Deans and commissioning contract managers.	3	2 **High**	Continue contract discussions with HEE/ LETB's. Attempt to extend contracts or revert to National Framework **Person Responsible: Warren Turner** **To be implemented by: 31/03/2016** Ensure a quality campus in each HEE/ LETB area. Plan for renewal of Havering lease in 2018 or alternative site. Continue discussions with NHS partners in NE London (BHR, NELFT and Barts) together with Queen Mary School of Medicine and Dentistry re potential for revitalising the Harold Wood site for the future. **Person Responsible: Warren Turner** **To be implemented by: 31/03/2016** Grow into new markets for medical and private sector CPPD provision **Person Responsible: Warren Turner** **To be implemented by: 30/06/2016** Develop opportunities for further International 'in-country' activity in Malaysia, Singapore, Hong Kong, India and Saudi. **Person Responsible: Mary Lovegrove** **To be implemented by: 30/06/2016**

4Risk

Corporate

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
						Increase uptake in band 1-4 actvitiy Support Trusts in seeking external (non NHS) funding **Person Responsible: Sheelagh Mealing** **To be implemented by: 30/06/2016**
						Improve NSS participation & scores Develop action plans for Departments and School from results of 2014 NSS **Person Responsible: Sue Mullaney** **To be implemented by: 31/08/2016**
37	Capital investment ambitions of forward estate strategy undermine financial sustainability **Risk Owner: Richard Flatman** **Last Updated: 04/09/2015**	**Cause & Effect:** Causes: - Poor project controls - Lack of capacity to manage/deliver projects - Reduction in agreed/assumed capital funding - Reduction in other government funding Effects: - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students	3 3 High	Management Accounts, with a CAPEX report section, are provided to each meeting of the P&R Committee, and the Board receives business cases in relation to all planned capital expenditure > £1million. Full Business Cases prepared; using guidance and process approved by Executive - including clarity on cost and funding, for each element of Estates Strategy, and approved by Board of Governors where cost = >£1M. ncluding all capital spend. Guidance developed as part of new process. Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval	3 1 Medium	Complete report on the final Student Centre negotiations. Update: the 12 month defects liability period concluded & working through the final defect list. POE was due by Feb 14. **Person Responsible: Ian Mehrtens** **To be implemented by: 30/04/2013**

4Risk

Risk Ref	Risk Title	Cause & Effect	Inherent Risk Priority	Existing Controls	Residual Risk Priority	Action Required
				Property Committee is a sub-committee of the Board of Governors and has a remit to review all property related capital decisions.		
				Capex reporting routines established and embedded into regulary updated financial forecasts & management accounts and regular Board reports.		
				LSBU Project methodology & Estates & Facilities Dept project controls, including Governance arrangements applied to all Capex projects.		
305	Student & corporate data not accessed and stored securely or appropriately **Risk Owner: Ian Mehrtens** **Last Updated: 03/12/2015**	**Cause & Effect:** Cause: Loss or inappropriate access to data, or breach of digital security; either en masse (e.g. address harvesting) or in specific cases (e.g. loss of sensitive files / data) Effect: Reputational damage, regulatory failure, undermining of academic credibility or compromise of competitve advantage.	3 2 High	Responsibility for control over data protection risks at an institutional level allocated to Director of ICT.	3 2 High	Deliver project to ensure mandatory training is delivered to staff via ICT log on, to include data security awareness. **Person Responsible: Craig Girvan** **To be implemented by: 29/01/2016** Respond to findings of PWC 14/15 internal audit report into data security. **Person Responsible: Rob McGeechan** **To be implemented by: 30/05/2015**

4Risk

London South Bank University

	CONFIDENTIAL
	PAPER NO: AC.06(16)
Paper title:	Audit of International Students update
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	Paul Ivey, PVC (Research & External Engagement)
Executive/Operations sponsor:	Paul Ivey, PVC (Research & External Engagement)
Purpose:	To provide an update on the Penningtons audit of UKVI processes.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Goal 6: Internationalisation
Recommendation:	The Committee is requested to note the LSBU update on actions taken as a result of the Penningtons audit into UKVI processes in October and December 2015.

Matter previously considered by:	Executive	On: 1 December 2015
Further approval required?	TBC	On:

Executive Summary

Please see the associated update on the audit from Penningtons and the LSBU action plan. The final audit report will be brought to the committee for information when available.

Penningtons Manches audit of UKVI processes - October and December 2015

On 5th and 6th October 2015, Penningtons Manches solicitors conducted an audit of the University's compliance under Tier 2, 4 and 5 of the UKVI Points Based System. The audit report concluded that action needed to be taken in order to ensure compliance with UKVI audit requirements. If action was not taken, the University risked losing its Tier 2, 4 and 5 licences.

The main recommendations were as follows:
1) LSBU needs to ensure that all students have the right to study and continue to do so for the duration of their time at LSBU and that evidence of this is placed on each student's file and expiry dates of right to study should be monitored.
2) The attendance monitoring system needs to be modified to ensure that it is effective and provides accurate reflection of a student's attendance in class or at their work placement.
3) Urgently review the course structure of the MPHIL/PHD programme, where it appears that a single CAS is being issued for a dual programme
4) HR need to ensure that all staff have the right to work, at all times, and that prevention of illegal working checks are always undertaken before employment commences. Tier 2 and Tier 5 staff files must be in order, with the correct documentation on file.
5) The schools and compliance need to decide together how students will be monitored while on work placement and who is going to take ownership to ensure that procedures are being followed. Visits to work placement providers should be recorded.

The UKVI Account Handling Group was formed in response to take action to rectify these issues. The membership of this group compromises of senior staff from across the University with an involvement in processes which affect UKVI compliance. Additional reseource was required to support attendance monitoring. Since the audit the following actions have been taken:

	Action taken	Future Action
1	A review of all 'Home/EU' fee category students is being conducted by the International Office with data being collected and action taken to suspend/exclude where we do not receive information. Enrolment will now check all students before permitting them to be enrol. All students are now being monitored by the International Office on a monthly basis.	Ensure that the Home/EU team are trained in order that they can check the visas for their students.
2	A team of temporary staff has been trained to produce files on students with poor attendance including live attendance data and contact. Weekly meetings are taking place between Student Administration and International Office to make management observations on students' cases.	Jamie Jones is leading a new attendance monitoring working group under Shân Wareing. This will help move away from a temporary fix, to a long term solution.
3	The course titles have all been amended to just PhD	Completed
4	From 1 February 2016, all new starters will be requested to come in to undertake their right to work checks before their start date. Training has been delivered to the HR team. Right to work checks will be reviewed for HPL staff and academic visitors. A temporary member of staff is drafting a checklist for the process for Tier 2 workers and guidance notes are being drafted to managers employing Tier 2 workers. All Tier 2 files have been reviewed. Tier 5 files are being updated with any new information.	To be reviewed following implementation in February.
5	A review of all courses which include an assessed work placement/internship is underway. A temporary system for collecting information from students and completing necessary checks has been implemented alongside a monitoring system. A new 'InPlace' system has been procured and will be rolled out by Employability over the next year.	Ensure that new courses are set up with Tier 4 in mind and that InPlace is rolled out quickly and effectively across LSBU

Penningtons Manches were invited back in to re-check our progress on 14 December 2015. They reviewed the processes which we had put in place but did not conduct a full audit. They were happy with all processes which had been implemented but stressed the need for long-term solutions and emphasised that fact that they had not reviewed any files.

Penningtons Manches have been invited back in to conduct a full audit at the end of February 2016.

London South Bank University

	PAPER NO: AC.07(16)
Paper title:	Prevent duty compliance update
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	Ed Spacey, Head of Health Safety & resilience
Executive/Operations sponsor:	Ian Mehrtens, Chief Operating Officer
Purpose:	To update the committee
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Compliance
Recommendation:	To note the progress

Matter previously considered by:		
Further approval required?	Update to Board meeting	17 March 2016
	Internal audit report on compliance to Audit Committee	9 June 2016

Executive Summary

To provide the Audit Committee with a progress report of how London South Bank University is fulfilling its obligations to stop people drawn into terrorism, in accordance with the Counter-Terrorism and Security Act 2015.

London South Bank University

Safeguarding and the "Prevent" Counter-Terrorism Strategy

1.0   Background and Purpose

To provide the Audit Committee with a progress report of how London South Bank University is fulfilling its obligations to stop people drawn into Terrorism, in accordance with the Counter-Terrorism and Security Act 2015.

2.0   Progress

Policy

A new Safeguarding Policy has been produced. Consultation has taken place with the members of the Prevent Group and the Safeguarding Group. It will be submitted to the Operations Group for approval on 16 February, 2016. The policy includes a clear process for raising concerns, and describes our approach to training and awareness.

In December 2015, LSBU formally adopted a new External Speaker Policy.

2.1   Risk Assessment

A formal risk assessment is in place and is regularly reviewed by the Safeguarding Group.

2.2   Action Plan

An Action Plan is monitored and updated by the Safeguarding Group, chaired by the Chief Operating Officer. All areas are progressing well.

2.3   Training and Development

A tiered training plan has been developed by LSBU ranging from an in-house purpose built online module for raising general awareness, through to face-to-face training for specific identified staff groups.

The online awareness training enables monitoring of completion rates and involves a short test. This will be ready to be launched after the Safeguarding Policy has been approved. A communications campaign is currently being planned.

The Head of Health, Safety and Resilience also chairs the London Higher Education Regional Prevent Training Sub Group, and met with colleagues from London Universities on 14 December 2015.

2.4   Voice of the Student

The Student Union has been engaged in the development of our approach by being directly represented on the Safeguarding Group, and actively involved in separate discussion

meetings with both the Chief Operating Officer and Head of Health, Safety and Resilience individually. Feedback from the Chief Executive of the Student Union has been utilised to shape the method by which students can help protect people from being drawn into terrorism.

3.0   Compliance Monitoring

On 12 January 2016, senior officials from the Higher Education Funding Council for England (HEFCE) met with the Chief Operating Officer and Head of Health, Safety and Resilience to discuss London South Bank University`s approach to preventing people from being drawn into terrorism. They were happy with our plans and progress, and felt LSBU had more advanced plans than many other higher education institutions.

3.1   HEFCE has therefore selected LSBU as a pilot organisation for preventing people being drawn into terrorism. As a result, LSBU will be asked to submit a specified range of documents and evidence to HEFCE for preliminary evaluation by 8 February 2016.

3.2   The Chair of the Board of Governors has agreed for his sponsorship of the health and safety agenda, to include oversight of the duty of preventing people being drawn into terrorism.

3.3   On 15 January 2016, LSBU submitted a required self-assessment return to HEFCE with regard to our compliance with the new duty. The assessment comprised 14 sections with ratings from A (highest) to E (lowest). The Executive agreed the LSBU assessment of A for 12 categories and B for 2 categories. Although we are advanced in our approach to training compared to other universities, we cautiously rated the training category as B because our package had not yet been fully implemented. The other category rated as B related to policies around the use of the prayer room, which are being developed.

3.4   Internal Audit will carry out a review during February 2016, which will be reported to the Audit Committee and Board of Governors.

3.5   A further HEFCE Assessment will be required by 1 April 2016. The Board of Governors will also have to produce an annual report to HEFCE by 1 December 2016.

4.0   Security

The Head of Health, Safety and Resilience has been working with the Head of Estates Services and Security and Reception Services Manager to discuss specific security arrangements in relation to a terrorist attack. The university works closely with the police and counter-terrorism officers on all matters of security. Police counter-terrorism officers were invited to LSBU on 3 February 2016 to review our approach.

London South Bank University

	PAPER NO: AC.08(16)
Paper title:	Data Assurance group report
Board/Committee	Audit committee
Date of meeting:	11 February 2016
Author:	Richard Duke, Head of Business Intelligence Unit (BIU)
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To update Audit Committee regarding progress on data assurance processes.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategic enablers – driving improved delivery and effective performance management through data integrity assurance.
Recommendation:	That committee notes the report.

Matter previously considered by:	N/A	N/A
Further approval required?	None	N/A

**Systems Data Quality Checklist Review for Data Assurance Group (DAG)
Meeting of Friday 8th January 2016**

Introduction
As detailed by the Data Quality Management Policy and Data Quality Framework all core university systems are subject to a review of data quality processes.

Through analysis of systems that support the completion of external returns and Key Performance Indicator data supply, Agresso (finance), QLS (registry), Oracle (HR) and i-trent (payroll) systems were identified as priority systems to be reviewed. Data stewards (defined by the Data Quality Management Policy as being responsible for data quality processes regarding their respective system) for the above systems were requested to complete a data quality checklist. This report, analyses the results from these completed returns that were submitted by the deadline of November 30th 2015.

Process
Completed checklists were forwarded to the Business Intelligence Unit (BIU) and Information Compliance Officer for review. An assessment of the quality and relevance of evidence given against each data steward's judgement for each control was made. This judgement was made upon the quality of the evidence given (e.g. where no evidence given to justify a judgement, the control was judged as absent) and against experience of data supplied from relevant systems. Judged against a tolerance of the number of controls that were found to be "Absent" or "Partially in Place" a data quality risk rating was arrived at for each system. The score is calculated as follows:
- 1 point is awarded for a control being partially in place.
- 5 points are awarded for a control being judged as in place.
- These scores are then translated into a percentage score (out of 220 points). % = 1 – (risk points/220).
  - A score of less than 70% = Very High Risk
  - A score of 70% - 79% = High Risk
  - A score of 80% - 89% = Medium Risk
  - A score of 90% or higher = Low Risk

Note that a higher score is low risk due to the formula calculating; 1 less the % score.

In the first iteration of the checklist document, a rating of compliant or non-complaint was issued. This was felt by Data Stewards to be too draconian and objective. Terminology around a risk rating was therefore decided upon as a replacement.

A meeting with all Data Stewards relevant to this review document was held prior to the writing of this report detailing the checklist review findings.

Appendix A details the summary result for each system and for each control and as to whether it was judged by the BIU and Information Compliance Officer to be "In Place", "Partially in Place" or "Absent". Appendices B – E detail the original return from each system's data steward with the BIU and Information Compliance Officer's reasoning as to why a different level of assurance was allocated to each control (where appropriate). The following Appendices relate to each system:

- Appendix B - HR (Oracle)
- Appendix C - Payroll (i-trent)
- Appendix D - Finance (Agresso)
- Appendix E - Registry (QLS)

Key Findings
Through the analysis of each checklist, the following results by system were identified:
- HR (Oracle) – **Medium Risk**
- Payroll (i-trent) – **High Risk**
- Finance (Agresso) – **Medium Risk**
- E - Registry (QLS) – **High Risk**

The most significant areas where controls were found to be absent were in relation to "Governance of our data quality arrangements and our accountability for data quality" (section A), "Knowledge, skills and capacity of our staff to secure better quality data" (section D) and "Controls in place for reporting and using our data" (section E).

Governance of our data quality arrangements and our accountability for data quality (section A)
In relation to section A, each system assessed was found to have at least one control that were absent and at least two controls that were only partially in place. No single control was found not be not in place across all systems however. The control with the weakest level of control across the assessed system was A14, which details arrangements for working with external partners and the sharing of data.

Knowledge, skills and capacity of our staff to secure better quality data" (section D)
It was found that across all assessed systems controls were in place for identifying where individuals had undertaken data entry and the organisation being able to trace their line manager (D2 and D3). However controls relating to the setting of data quality standards (D4) were not fully in place across the organisation.

Controls in place for reporting and using our data (section E)

Within section E, not a single control was found to be fully in place across all of the assessed systems. Control E1 (relating to consistency of data use for internal and external reporting) was found to be partially in place or absent from three of the assessed four systems.

Feedback from Data Stewards regarding the Data Quality Checklist

The BIU and Information Compliance Officer received feedback from each Data Steward whilst checklists were being completed. There was consistency in the feedback that the checklists felt repetitive, with many controls expressing the same sentiment, phrased in a different way. A shorter rationalised checklist would provide an easier mechanism to understand where the institutions data quality strengths and weaknesses lie.

There was also feedback that it was not appropriate for appraisals to be referenced in the checklist, especially when it was requested that data quality was directly referenced in appraisal documents as it was felt this reflected a role rather than an objective.

It has previously been identified that one of LSBU's weaknesses in relation to data quality is not necessarily its accuracy, but rather the consistency of data between systems. This is not directly referenced in the data quality checklist, and therefore there is scope for additional control questions here.

Key recommendations:

- The Data Quality Risk rating of each reviewed system is reported to the next Operations Board.
    - HR (Oracle) Medium Risk
    - Payroll (i-trent) High Risk
    - Finance (Agresso) Medium Risk
    - Registry (QLS) High Risk
- An action list is developed by the data steward for each reviewed system to reduce its risk level.
- Registry and Payroll are reviewed in June reviews.
- The current data quality checklist is reviewed, with the aim of developing a new checklist that is rationalised, but also has its scope widened to include controls regarding system data triangulation.
- All systems currently within scope of the data quality process are reviewed according to the new checklist with a report to the June DAG (subject to review if it is felt there is a good justification for a system not to be reviewed e.g. soon to be replaced). Appendix F details all systems currently identified as being in scope.
- Framework and Policy guidance is updated to reflect new ratings system terminology.

BIU and Information Compliance Officer – 21st December 2015

Appendix A - Systems Data Quality Checklist Summary as of 16th December 2015

		HR (Oracle)	Payroll (i-trent)	Finance (Agresso)	Registry (QLS)
Data Quality Risk Level (reviewed by the BIU)		Medium	High	Medium	High
Dec 2015 Review Score		83%	79%	80%	75%
October 2015 Score		74%	79%	81%	75%
Data Trustee		Mandy Eddolls	Richard Flatman	Richard Flatman	Ralph Sanders
Data Steward		Joanne Monk	Natalie Ferer	Natalie Ferer	Ralph Sanders
Data Manager		Tony Page	Denise Sullivan	Ravi Mistry	Jenny Laws

	Improve the governance of our data quality arrangements and our accountability for data quality				
A1	The Data Steward has overall strategic responsibility for data quality, and this responsibility is not delegated.	In Place	In Place	In Place	In Place
A2	The commitment to data quality is communicated clearly throughout the service, reinforcing the message that all staff have a responsibility for data quality.	In Place	In Place	In Place	In Place
A3	Accountability for data quality in specific areas of the service is clearly and formally defined,	In Place	Absent	Partial	In Place
A4	Accountability for data quality is part of the appraisal system for those defined as responsible and accountable for data quality	Absent	In Place	Absent	Absent
A5	There is a framework in place to monitor and review data quality, this framework has been approved by the Data Stewards	In Place	Partial	In Place	Absent
A6	Data quality is embedded in risk management arrangements, with regular assessment of the risks associated with unreliable or inaccurate data	In Place	In Place	Partial	Partial
A7	Where applicable, the Data Steward has taken action to address the results of previous internal and external reviews of data quality.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
A8	Data standards are put in place to all data bases within the service	In Place	Partial	In Place	Partial
A9	There is clarity about how data are acquired and which data are entered into the system	In Place	Partial	Partial	In Place
A10	The service has a definition of which data are stored	In Place	In Place	In Place	Partial
A11	There is a documented approach to which data needs to be archived and which data needs to be deleted or disposed of?	Partial	In Place	In Place	Absent
A12	There is a clear identification of which data needs to be backed up for rapid recovery (i.e. for business continuity)	In Place	Partial	In Place	In Place
A13	The service has a definition of which data is shared	Partial	Absent	Partial	Absent
A14	Where there is joint working with external partners, there is an agreement covering data quality with partners (for example, in the form of a data sharing protocol, statement, or service level agreement).	In Place	Absent	Absent	Absent

Appendix A - Systems Data Quality Checklist Summary as of 16th December 2015

		HR (Oracle)	Payroll (i-trent)	Finance (Agresso)	Registry (QLS)
Data Quality Risk Level (reviewed by the BIU)		Medium	High	Medium	High
Dec 2015 Review Score		83%	79%	80%	75%
October 2015 Score		74%	79%	81%	75%
Data Trustee		Mandy Eddolls	Richard Flatman	Richard Flatman	Ralph Sanders
Data Steward		Joanne Monk	Natalie Ferer	Natalie Ferer	Ralph Sanders
Data Manager		Tony Page	Denise Sullivan	Ravi Mistry	Jenny Laws

Improve our policies and procedures for data recording and reporting					
B1	There is a comprehensive and current set of policies in relation to data collection, recording, analysis and reporting, covering all business areas.	In Place	In Place	In Place	In Place
B2	The policies are supported by a current set of operational procedures and guidance for staff.	In Place	In Place	In Place	In Place
B3	Polices and procedures meet all relevant national standards and requirements, as well as defining local practices.	In Place	In Place	In Place	In Place
B4	Policies and procedures are reviewed annually and updated as needed.	Partial	Absent	Partial	In Place
B5	All staff have access to policies, procedures and guidance on data quality. Where possible this is supported by information systems.	In Place	In Place	In Place	In Place
B6	Policies, procedures and guidelines are applied consistently and comprehensively.	In Place	In Place	Absent	Absent
B7	Mechanisms are in place to monitor the compliance in practice with the policies and procedures, and the results are subject to formal reporting to LSBU Executive.	Absent	Absent	In Place	Partial
B8	Instances of failure to comply with corporate policies and procedures and national standards, or poor performance against data quality targets, are investigated and corrective action taken.	In Place	In Place	In Place	Partial

Appendix A - Systems Data Quality Checklist Summary as of 16th December 2015

		HR (Oracle)	Payroll (i-trent)	Finance (Agresso)	Registry (QLS)
Data Quality Risk Level (reviewed by the BIU)		Medium	High	Medium	High
Dec 2015 Review Score		83%	79%	80%	75%
October 2015 Score		74%	79%	81%	75%
Data Trustee		Mandy Eddolls	Richard Flatman	Richard Flatman	Ralph Sanders
Data Steward		Joanne Monk	Natalie Ferer	Natalie Ferer	Ralph Sanders
Data Manager		Tony Page	Denise Sullivan	Ravi Mistry	Jenny Laws

	Improve the systems and processes in place to ensure our data quality				
C1	There are systems and processes in place for the collection, recording, analysis and reporting of data, which are focused on securing data which is accurate, valid, reliable, timely, relevant and complete.	In Place	In Place	In Place	In Place
C2	The technology for storing data is understood	Partial	In Place	In Place	Partial
C3	The technology for data sharing is in place and understood	Partial	In Place	In Place	Partial
C4	Arrangements are in place for carrying out systems testing after every changes to information management systems following the "V" model testing approach. This will include Unit, Systems Integration and User Acceptance testing,	Partial	Partial	Partial	Partial
C5	Systems and processes work according to the principle of "one version of the truth", rather than employing extensive data correction, cleansing or manipulation processes to produce the information required.	Absent	In Place	Partial	Partial
C6	Arrangements for collecting, recording, compiling and reporting data are integrated into the business planning and management processes, supporting the day-to-day work of staff.	In Place	In Place	In Place	Partial
C7	Information systems have built-in controls to minimise the scope for human error or manipulation and prevent erroneous data entry, missing data, or unauthorised data changes. Controls are reviewed at least annually to ensure they are working effectively.	In Place	In Place	In Place	In Place
C8	Support is available for staff on all aspects of the collection, recording, analysis and reporting of data.	Partial	Partial	In Place	In Place
C9	Data is subject to divisional checks and management review before being reported to top management.	Partial	In Place	In Place	In Place
C10	Security arrangements for all information systems are in place and are monitored regularly.	In Place	Partial	In Place	In Place
C11	A business continuity plan is in place to provide protection for records and data which are vital to the continued functioning of the service.	In Place	Absent	In Place	In Place

Appendix A - Systems Data Quality Checklist Summary as of 16th December 2015

		HR (Oracle)	Payroll (i-trent)	Finance (Agresso)	Registry (QLS)
Data Quality Risk Level (reviewed by the BIU)		Medium	High	Medium	High
Dec 2015 Review Score		83%	79%	80%	75%
October 2015 Score		74%	79%	81%	75%
Data Trustee		Mandy Eddolls	Richard Flatman	Richard Flatman	Ralph Sanders
Data Steward		Joanne Monk	Natalie Ferer	Natalie Ferer	Ralph Sanders
Data Manager		Tony Page	Denise Sullivan	Ravi Mistry	Jenny Laws

	Improve the knowledge, skills and capacity of our staff to secure better data quality				
D1	Roles and responsibilities in relation to data quality are clearly defined and documented, and incorporated where appropriate into job descriptions.	In Place	Partial	Partial	In Place
D2	Those who enter data into the system (across all channels) are clearly identifiable	In Place	In Place	In Place	In Place
D3	The manager(s) of those who enter data into the system are identifiable	In Place	In Place	In Place	In Place
D4	Data quality standards are set, and staff are assessed against these	Partial	Partial	Partial	Absent
D5	The service has recruited and trained staff with the necessary skills to support the day-to-day activities involved in collecting, recording, analysing and reporting data that is accurate, valid, reliable, timely, relevant and complete.	Partial	Partial	In Place	Absent
D6	There is a formal and ongoing programme of training on data quality requirements and issues, tailored to the varying needs of all relevant staff.	In Place	Partial	Absent	In Place

Appendix A - Systems Data Quality Checklist Summary as of 16th December 2015

		HR (Oracle)	Payroll (i-trent)	Finance (Agresso)	Registry (QLS)
Data Quality Risk Level (reviewed by the BIU)		Medium	High	Medium	High
Dec 2015 Review Score		83%	79%	80%	75%
October 2015 Score		74%	79%	81%	75%
Data Trustee		Mandy Eddolls	Richard Flatman	Richard Flatman	Ralph Sanders
Data Steward		Joanne Monk	Natalie Ferer	Natalie Ferer	Ralph Sanders
Data Manager		Tony Page	Denise Sullivan	Ravi Mistry	Jenny Laws

	Improve the controls we have in place for reporting and using our data				
E1	Data used for External Returns reporting are also used for day-to-day management of the university's business.	Absent	In Place	Partial	Absent
E2	All data owners are kept in the loop for all data manipulation and reporting concerning their data.	Absent	Partial	Absent	In Place
E3	As a minimum, reported data, and the way they are used, are fed back to those who create them to reinforce understanding of their wider role and importance.	Partial	In Place	Absent	In Place
E4	Controls are in place to support accurate reporting of data (for example validation, consistency and accuracy checks on key data). Where reporting necessitates offloading of data from an operational system for further analysis, reconciliation checks are undertaken and evidence retained.	Partial	In Place	Absent	In Place
E5	Procedures are in place to ensure that data which are used for External Returns are verified and approved by senior management prior to submission. The DAG provides a review point prior to submission to Executive	In Place	Absent	In Place	In Place
E6	All data returns are prepared and submitted on a timely basis, and are supported by a clear and complete audit trail.	Partial	In Place	In Place	In Place

	Service Planning				
F1	Have you included your high and medium risk areas in the risk management section of your current service plan?	Not Applicable	Not applicable	Not Applicable	Not Applicable

London South Bank University

	PAPER NO: AC.09(16)
Paper title:	Transparency approach to costing (TRAC) return
Board/Committee	Audit committee
Date of meeting:	11 February 2016
Author:	David Kotula, Reporting Analyst
Executive/Operations sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To obtain retrospective approval of the TRAC return, which is a mandatory return made to HEFCE annually in January. The purpose of the Transparency Review is to demonstrate the full costs of research and other publicly funded activities in higher education to improve the accountability for the use of public funds. Our return was prepared in accordance with the regulations set down by HEFCE for the preparation of the TRAC return. The completed return was reviewed by Ralph Sanders - Director of Planning, Information and Reporting FMI, Natalie Ferer, Financial Controller FMI and Richard Duke, Head of the Business Intelligence Unit and Shachi Blakemore, member of the Audit Committee before final sign off by the Vice Chancellor on 28/01/2016. The report was submitted within the deadline set by HEFCE.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategic enablers – financial sustainability.
Recommendation:	That committee approves the report.

Matter previously considered by:	Audit Committee	Annually
Further approval required?	None	N/A

Introduction

The Transparent Approach to Costing return (TRAC) is a mandatory return made annually in January.

The key purpose of the TRAC analysis is to provide an analysis of the costs and income allocated by Teaching, Research and Other activity.

The key risk is incorrect data analysis leading to erroneous results.

HEFCE guidance requires that the return is approved by a Committee of the Board of Governors. The purpose of this report is to provide assurance and request retrospective approval of the return for 2014/15.

Assurances regarding process

The following assurances are provided to Committee with regard to process:

1. Reconciliation to accounts

- The TRAC return is an annual return completed every January. The basis for the 2014/15 return was the financial accounts for year ending 31/07/2015. The return has been checked and reconciles to the published financial accounts

- This information includes costs down to individual staff level for teaching staff and to cost centre level for support staff. The individual staff costs are extracted from payroll data used in the Management Accounts and the staff cost data in Agresso. All figures have been reconciled back to the published accounts.

2. Compliance with guidelines/regulations

- The return has been prepared in accordance with the regulations set down by HEFCE for the preparation of the TRAC return (Ref. 5.1 – Aug 2014). This includes any updated regulations or issues raised at the TRAC self-help groups organised by the TRAC Development Group and the British Universities Finance Director's Group (BUFDG).

- Cost adjustments have made to the published accounts to reflect Return on Finance and Investment (RFI) and infrastructure costs. These have been calculated based on the TRAC regulations and are designed to reflect the true cost of running LSBU.

- Cost drivers are based on Time Allocation Schedules (TAS), Workload Planning datasets, student FTE derived from the HESES14 dataset, staff FTE's derived from Payroll and HR establishment datasets, space allocation from the EAF Tribal K2 System, and library usage data from LLR.

- All cost data is derived from the Agresso finance system at a cost centre and source code level. This data is reconciled against the source files used by the Financial Accountant to produce the published accounts.

- The robustness and accuracy of the data was verified during a review process by Ralph Sanders – Financial Planning Manager.

3   Prior Discussions and review.

- The process and a copy of the return document were discussed prior to submission with a member of the audit committee – this year Shachi Blakemore.

- The completed return has been reviewed by Ralph Sanders - Director of Planning, Information and Reporting, Natalie Ferer, Financial Controller in her role as the data steward for Agresso, Richard Duke Head of BIU and Shachi Blakemore, member of the Audit Committee.

- The final sign-off by the Vice Chancellor was on 28/01/2016.

- The report was submitted within the deadline set by HEFCE.

4   Variances.

- The 2014/15 FEC is Indirect rate is £45,675 this is 2% higher than last year's figure of £44,862.

- The increase in LSBU own funded research surplus as a % of income from 5.4% to 20.7% is due to higher amounts of deferred capital grants, released in 2014/15 that did not occur in prior years.

- The Central Services cost increase (from £46.324M in 2013/14 to £59.116M in 2014/15) is due to LPFA pension adjustments and higher restructuring costs than in prior year.

- The decrease in Support staff in academic areas (from £6.14M in 2013/14 to £1.821M 2014/15) reflects the move from faculties to schools during 2014/15 and the centralisation of academic support staff in one area.

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

Declaration by Head of Institution*

I confirm that the costs, income and charge-out rate information reported in the attached return have been prepared in accordance with the TRAC requirements as set out in the new TRAC guidance (Version 1.0 August 2014, http://www.hefce.ac.uk/funding/finsustain/trac/).

I confirm that a full self-assessment of compliance against each requirement listed in the guidance has been carried out in the last three years. I also confirm that a Board Committee has specifically reviewed the results of the tests for reasonableness and has either confirmed compliance or has drawn up an action plan for any areas where the institution is not fully compliant. I confirm that the Board Committee has lay membership (TRAC guidance section 2.1.5.18).

With reference to the TRAC data loaded on: 27/01/2016 16:17

Name of Board committee which confirmed compliance with the TRAC requirements.	Date of meeting at which compliance was confirmed (Please enter in the format of dd/mm/yyyy)
Audit Committee	11/02/2016

If the Board Committee is meeting after the date of this return, please also state in the box below who provided the confirmation for this return, and the date (e.g. Chairman's Action, or management committee). Please note that responsibility still lies with the Board Committee for this confirmation.

Name of person/committee who provided confirmation for this return.	Date of confirmation (Please enter in the format of dd/mm/yyyy)
Richard Flatman	29/01/2016

Signed: (Head of Institution*)

Name: Professor David Phoenix

Title: Vice-Chancellor & Chief Executive

Date: 28/1/16

To be returned no later than 29th January 2016

The name and title of the head of institution* must be completed before the return is uploaded to the HEFCE extranet (secure area of the HEFCE website). The results file should then be printed and signed by the head of institution*. Please scan the signed hard copy and upload electronically to the funding councils via the HEFCE extranet.
The Funding Councils do not require a paper copy.

* Accountable Officer where this is not the Head of the Institution

1

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

IN CONFIDENCE

To be returned no later than 29th January 2016. Earlier submissions welcome.

This worksheet has passed all validation checks

Institutional results

Data collected for use by the Funding Councils

	£000	As a % of expenditure
Actual Operating Surplus		
Total income* (per audited financial statements for 2014-15)	140,773	
Total expenditure* (per audited financial statements for 2014-15)	139,561	
Operating surplus/(deficit) per audited financial statements	1,212	0.9%
Target Operating Surplus		
Infrastructure adjustment	3,127	2.2%
Return for financing and investment adjustment	9,302	6.7%
Target surplus for sustainable operations (infrastructure adjustment + RFI adjustment)	12,429	8.9%
Sustainability gap (difference between target surplus for sustainable operations and operating surplus/(deficit))	11,217	8.0%
Full economic cost (total expenditure + target surplus for sustainable operations)	151,990	108.9%

* The income and expenditure lines as reported in the financial statements should be adjusted, where appropriate, in respect of joint ventures, minority interests and endowments in line with section 3.1.4.8 of the TRAC guidance.

Notes:

1. Exceptional items (as defined by FRS 3 - i.e. those items appearing after the operating surplus/(deficit)) should not be included in the total income or full economic cost lines above.

2. Please ensure that the net RFI adjustment on expenditure is calculated in accordance with the guidance provided at sections 3.2.4.7 and 3.2.5.5 of the TRAC guidance (http://www.hefce.ac.uk/funding/finsustain/trac/).

Is your institution eligible for and applying dispensation from 1 April 2016? Please select Yes/No from the drop-down box   No

(Eligibility is defined as institutions with less than £3,000,000 annual research income from public sources. A rolling average of Research income (over five years) is used to assess whether £3,000,000 has been reached or not. More information on dispensation can be found in annex 1.2b of the New TRAC guidance (August 2014, http://www.hefce.ac.uk/funding/finsustain/trac/))

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

Analysis of TRAC results

(A) TRAC income and full economic costs by activity

Data collected for use by the Funding Councils

	Teaching		Research	Other	Total
	Publicly funded £000	Non-publicly funded £000	£000	£000	£000
Income	100,150	11,634	5,715	23,272	140,773
TRAC full economic costs	110,402	11,364	11,106	19,118	151,990
Recovery of full economic costs (income as a % of full economic costs)	90.7%	102.4%	51.5%	121.7%	92.6%

Note: Income allocation guidance is contained in Annex 3.5a and 3.5b of the TRAC guidance and can be found here: http://www.hefce.ac.uk/funding/finsustain/trac/

Section B (Teaching and Research income by source) has been removed. These data are no longer collected by the Funding Councils.

(C) Research income and full economic costs by research sponsor type

Data collected for use by the Funding Councils and RCUK

	Recurrent research funding from the funding councils £000	Institution-own funded £000	Postgraduate research £000	Research Councils £000	Other govt departments £000	European Union* £000	UK-based Charities £000	Industry** £000	Total Research £000
Income	1,956	656	746	661	320	230	338	810	5,715
TRAC full economic costs		3,174	4,803	868	397	358	458	1,048	11,106
Recovery of full economic costs (income as a % of full economic costs)		20.7%	15.5%	76.1%	80.6%	64.3%	73.7%	77.3%	51.5%

It is not currently a TRAC requirement to reallocate income and costs relating to PGR activity away from the external research sponsor type to the PGR category. However it is possible this could become mandatory, at least for research intensive institutions in the future. Please indicate in the box on the right whether your institution already reallocates income and costs to the PGR category.

Yes, we reallocate income and costs away from the external research sponsor type to the PGR category.

* European Union covers EU government bodies including the Commission. This is the same as that defined under 3(e) in Table 6b of the HESA Finance Statistics Return.

** Industry should include all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (i.e. EU-based charities, EU industry and EU other), Overseas charities, Overseas industry and Other sources.

For further details of definitions please see sections 3.1.4.1 and 1.3.2.4 of the TRAC guidance (http://www.hefce.ac.uk/funding/finsustain/trac/).

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

This worksheet has passed all validation checks

(D) Calculation of indirect and estates cost charge-out rates for Research

Data collected for use by the RCUK and for benchmarking

Please select box (shown on the right) if you do not calculate an estates laboratory rate or an estates non-laboratory rate

			Indirect	Estates non-laboratory	Estates laboratory
Cost per TRAC allocated to research			5,381	313	1,024
Academic staff	FTEs	(i)	603.7	141.1	462.5
% research time of academic staff (Please enter as a % out of 100)		(ii)	9.6	9.6	9.6
Resulting in direct time of academic staff		(i) * (ii)	58.2	13.6	44.6
Research assistants and fellows	FTEs		31.0	7.2	23.7
PGRs	FTEs		159.3	90.0	69.3
	weighted by		0.2	0.5	0.8
	weighted FTEs		31.9	45.0	55.4
Total FTEs			121.1	65.9	123.8
Rate (£)			44,445	4,745	8,274
Indexation (two years) %			3.0	3.0	3.0
Indexed year 1 rate (£)			45,765	4,887	8,522

Note:
The laboratory estates costs should exclude all costs of laboratory technicians and research facilities (which are reported under E.1 below). The non-laboratory estates costs should include relevant elements of these costs, unless you are charging them separately (when again they would then be reported under E.1).

Do you calculate and apply different indirect rates for each department? Please select Yes/No from the drop-down box
If Yes please list the departments and the rates in table D(a) in the worksheet "RCUK_Departmental_rates"

No

Do you calculate and apply different estates rates for each department? Please select Yes/No from the drop-down box
If Yes please list the departments and the rates in table D(a) in the worksheet "RCUK_Departmental_rates"

No

(E) Calculation of laboratory technician and research facility charge-out rates for Research

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

Data collected for use by the RCUK and for benchmarking

In section E, it is not a TRAC requirement to identify laboratory technician costs in non-laboratory departments separately from estates costs. If you do identify laboratory technician costs separately, please respond using the drop-down box (this will provide you with cells to enter data in the tables below).

Please choose an option from the drop-down box to inform us if you have no lab technicians and/or no research facilities

No research facilities

		Research	
	Non-laboratory[1] £000	Laboratory £000	Total £000
E.1 Total costs allocated to Research			
1. Research facilities[2]			
2. Laboratory technicians			
a. DI [3]		0	0
b. Pool		150	150
c. Infrastructure		0	0
Total		150	150
Total costs		150	150

Note:
[1] Many institutions will not have identified these costs separately from estates costs in non-laboratory research disciplines. It is not a TRAC requirement.
[2] The row titled Research facilities should include all costs included in the calculations of the charge-out rates for research facilities, whether charged as DI or DA.
[3] Please enter the costs of all DI technicians allocated to research irrespective of whether their salary was allocated wholly to DI, or partly to Support and partly to DI.

Please describe the rates that you calculate and apply on research facilities on table E(a) in the worksheet "RCUK_Departmental_rates"

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

E.2 Analysis of total estates costs allocated to Research
(this table will automatically be completed with information from sections D and E.1.)

	Non-laboratory[1] £000	Laboratory £000	Total £000
1. Estates costs included in the estates cost rate calculation	313	1,024	1,337
2. Gross estates costs (i.e. estates plus all technicians and all research facilities.)	313	1,174	1,487
3. % of gross estates costs			
a. Research facilities			
b. Laboratory technicians			
i. DI		0.0	0.0
ii. Pool		12.8	10.1
iii. Infrastructure		0.0	0.0
Total		12.8	10.1
Total	0.0	12.8	10.1

Note - It is assumed here, for benchmarking purposes only, that all research facility and laboratory technician costs were originally part of a gross estates cost (even though in practice some of these costs would have been DI and not in the estates cost total at all and some of these costs may have been in indirect costs). The gross estates cost is calculated for you on row E.2.2. No research facility or laboratory technician cost (whether DI or DA) are in the estates cost total that is used for the estates cost rate calculation - row E.2.1.

E.3 Calculation of laboratory technician infrastructure rate

	Non-laboratory[1]	Laboratory	Total
Total laboratory technician infrastructure costs (£000)			
Academic/researcher/PGR FTEs			
Laboratory technician infrastructure rate per FTE (£)			
Indexation (Two years) %			
Indexed year 1 rate (£)			

Do you calculate and apply laboratory technician infrastructure rates separately for each department?   No
If Yes please list the departments and the rates in table D(a) in the worksheet "RCUK_Departmental_rates"

(F) Analysis

Data collected for use by the RCUK

F.1 Analysis of Support costs
Estates costs and indirect costs

	Teaching £000	Research £000	Other - academic department activities £000	Other - standalone enterprise activities such as residences, catering and (most) trading companies[1] £000	Total £000
Estates costs (excluding research facilities and lab technicians)					
Return for Financing and Investment Adjustment	3,235	229	741	0	4,205
Other estates costs	15,633	1,108	485	2,815	20,040
Total estates costs	18,868	1,337	1,226	2,815	24,245
Indirect costs					
Support time of academic staff	13,898	1,605	312	0	15,815
Central services	55,457	3,318	340	0	59,116
Support staff in academic departments	1,537	173	111	0	1,821
Non-staff costs in academic departments	0	0	0	0	0
Return for Financing and Investment Adjustment	3,114	284	476	0	3,874
Total indirect costs	74,006	5,381	1,240	0	80,626
Total Estates and Indirect costs	92,874	6,717	2,465	2,815	104,872

[1] Please refer to section 1.3.3 of the TRAC guidance (http://www.hefce.ac.uk/funding/finsustain/trac/)

F.2 Analysis of staff time

Number of academic and research staff in the year (FTEs)

Academic staff covered by Time Allocation Survey[2]	598.0
Research assistants & fellows (wholly charged to R)	31.0
Other academic staff (wholly charged to T or O)	38.4
Total academic and research staff FTEs	667.3

[2] Academic staff covered by the time allocation survey reported in the table above should be the total number of academic staff who are covered by the current AST percentages, irrespective of whether they provided time estimates this year or in either of the two prior years, or whether they were actually part of the sample selected to provide data or not.

Academic staff covered by Time Allocation Surveys for the whole institution

	Teaching	Research	Other	Support	Total
% time unweighted for salaries[3]	73.5	8.3	2.6	15.7	100.0
% time weighted for salaries	66.4	10.1	2.0	21.4	100.0
Academic staff costs (£000s)	24,363	3,422	922	15,815	44,522

[3] See section 4.2.4.4 of the TRAC guidance (http://www.hefce.ac.uk/funding/finsustain/trac).

This table shows the institutional total of the department percentages that have been used to allocate academic staff costs.

Support for Teaching, Support for Research, Support for Other should all be shown under Support.

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

Data collected for use by the RCUK

Please fill in table D(a) only if you calculate and apply rates by departmental level, as described in tables D and E.

All institutions charging research facilities need to complete table E(a) (located beneath table D(a))

Table D(a): Rates calculated separately by Department

Please fill in consecutive rows in the table

| Department | Indexed year 1 rate (£) | | | | |
	Indirect	Estates non-lab	Estates lab	Lab technician infrastructure in lab departments	Lab technician infrastructure in non-lab departments

Table E(a) Research facility rates (Indexed to current year i.e. 2016 prices)[1]

Please enter your 5 largest research facilities by value.
Please fill in consecutive rows in the table

Name of facility	Rate charged (£) per unit of output*	Unit of output

*day, hour, run, unit of volume etc

[1] See sections 4.2.5.15 and 3.1.5.28 of the New TRAC guidance (August 2014).

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

IN CONFIDENCE

(G) Calculation of the Margin for Sustainability and Investment

Data collected to inform the FSSG evaluation exercise

Completion of this section is optional

The FSSG has continued to evaluate the impact of the proposal to replace the RFI and Infrastructure adjustments with a 'Margin for Sustainability and Investment (MSI) adjustment. Institutions are asked to calculate their MSI for the AY 2014-15 as part of FSSG's continuing evaluation of the impact of the proposal to replace the RFI adjustment with the MSI in determining the full sustainable costs of HEIs' activities.

Further information about the MSI and ASSUR process is available on the FSSG web page. Three relevant documents are the FSSG evaluation of the ASSUR pilot (March 2015), the September 2013 newsletter that communicates a modification to the ASSUR reporting, and section four of the ASSUR Implementation notes, which describes how to calculate the MSI. The Financial Sustainability Strategy Group plans to issue further communications in respect of ASSUR in the autumn.

The measure of "Earnings Before Interest Taxation, Depreciation and Amortisation' (EBIDTA) is a key part of the MSI adjustment and this is currently under review by the British Universities Finance Directors Group (BUFDG) to ascertain the impact of the new accounting standard FRS 102 on the measure.

Evaluation of the Annual Sustainability Assurance Report (March 2015)   FSSG newsletter (September 2013)   ASSUR Implementation Notes

Any enquiry about this section of the return should be directed to Andrew Bush, e-mail   andrew.bush@kpmg.co.uk
The MSI is given by the institution's average required level of cash generation (EBITDA) over six years, divided by the adjusted turnover for the current year.

G.1 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

	Actual 2012-13 £000	Actual 2013-14 £000	Actual 2014-15 £000	Forecast 2015-16 £000	Forecast 2016-17 £000	Forecast 2017-18 £000	6 year average £000
Surplus for the year retained within general reserves	5,501	3,097	1,211	1,000	1,000	3,345	2,526
Interest payable	3,433	3,776	2,963	4,692	4,576	4,502	3,990
Tax charges / (credits)	0	0	0	0	0	0	0
Depreciation	7,870	8,455	8,759	11,548	11,540	11,969	10,024
Release of deferred capital grants	-1,893	-1,982	-1,586	-1,210	-1,059	-914	-1,441
Amortisation	0	0	0	0	0	0	0
Exceptional items as defined in FRS 3	556	0	0	0	0	0	93
FRS17 staff charges/(credit)	0	2,827	2,579	0	0	0	901
EBITDA	14,355	16,173	13,926	16,030	16,057	18,902	15,907

G.2 Margin for Sustainability and Investment (MSI)

	£000
Consolidated turnover (per audited financial statements 2014-15)	140,773
Release of deferred capital grants 2014-15(per audited financial statements 2014-15)	-1,586
Adjusted turnover 2014-15	139,187
MSI	**11.4%**

G.3 Apportionment of the MSI and of the infrastructure and RFI adjustment between TRAC categories

To inform the evaluation of the MSI that the FSSG are undertaking, it is necessary to understand how the MSI is allocated between the TRAC categories (T, R and O). Enquiries have been made with a small number of institutions to ascertain the most appropriate and representative method of apportionment. These initial enquiries have suggested that the use of total expenditure as the basis of apportionment between T, R and O is likely to be representative at an institution level. Therefore in the table below, the weights of Teaching, Research and Other on a total expenditure basis (TRAC full economic costs from section A, less cost adjustments) have been applied to the MSI, to understand the relative contribution of each activity to this indicator. These data will inform the appraisal of the MSI and in particular the possible use by RCUK of the Research proportion of the MSI in their funding model.
To support the FSSG evaluation described above, institutions are asked to provide information on how the Infrastructure and the RFI adjustments are currently apportioned between the TRAC categories.

	Teaching	Research	Other	Total
Infrastructure adjustment (£000)	0	0	0	0
Infrastructure adjustment (%)	0.0%	0.0%	0.0%	0.0%
RFI adjustment on expenditure (£000)	0	0	0	0
RFI adjustment on expenditure (%)	0.0%	0.0%	0.0%	0.0%
RFI adjustment on assets (£000)	0	0	0	0
RFI adjustment on assets (%)	0.0%	0.0%	0.0%	0.0%
MSI	0.0%	0.0%	0.0%	0.0%

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

Please use the text box below if you wish to comment on the appropriateness of the basis of apportionment of the MSI between the TRAC categories.
Other options considered were to use Total Estates Expenditure, Management Judgment or allocation based on financial forecasts and capital expenditure plans, but issues were identified with each method that led to the suggestion that Total Expenditure provides the most reasonable basis of apportionment. Please do however provide you views, experience and suggestions on this issue.

G.4 Comparison with the Infrastructure adjustment and the RFI adjustment
The MSI is calculated as a percentage of 2014-15 adjusted turnover. For ease of comparability, the Infrastructure and the RFI adjustments are shown below as a percentage of 2014-15 total income, as well as a percentage of total expenditure.

	As a % of income	As a % of expenditure
Infrastructure adjustment	2.2%	2.2%
RFI (Return for financing and investment) adjustment	6.6%	6.7%
Infrastructure adjustment + RFI adjustment	8.8%	8.9%

For the purpose of the FSSG study, it would be helpful to understand why the MSI is greater than the sum of the RFI and the Infrastructure adjustments as a percentage of income.
If your institution's MSI is greater than the sum of the RFI and the Infrastructure adjustments as a percentage of total income, please use the text box below to explain why this occurs.

The infrastructure adjustment is calculated on the basis of building depreciation only, excluding all other asset groups. The figure used for 2014/15 was £3.127M, compared to an average Depreciation of £10.178M. Therefore the EBITDA has £4.5M of additional adjustment or 3.2% of total icnome for 2014/15.

Row 19 of the "Summary" worksheet shows the 2013-14 and 2014-15 values for the MSI as % of adjusted income. Please provide a comment where the 2014-15 value is more than +/- 2% different to the 2013-14 value.

Please also use the text box below for other more general comments or observations on the MSI and the basis of apportionment between the TRAC categories.

Any enquiry about this section of the return should be directed to Andrew Bush, e-mail   andrew.bush@kpmg.co.uk

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
**UKPRN: 10004078**
TRAC Peer Group: E

The 2012-13 and 2013-14 data columns are prefilled using data from the annual TRAC returns submitted in January 2014 and January 2015 respectively. The 2014-15 column will be automatically completed as the data in the other sheets of this workbook are completed. Please review the summary analysis after completion of the workbook and prior to submission as part of your reasonableness checks.

In addition to the data in this summary sheet, you are reminded that benchmarking analysis comparing your 2012-13 and 2013-14 data to that of other TRAC peer groups and the UK sector is available to download from the HEFCE extranet. Benchmarking of 2014-15 data will be made available by April 2016.

Institutional section

	2012-13	2013-14	2014-15	% difference 2012-13 to 2013-14	% difference 2013-14 to 2014-15
Total expenditure	131,798	131,658	139,561	-0.1	6.0
Infrastructure adjustment	3,598	4,966	3,127	38.0	-37.0
RFI adjustment	8,854	9,194	9,302	3.8	1.2
Target surplus for sustainable operations (infrastructure adjustment + RFI adjustment)	12,452	14,160	12,429	13.7	-12.2
As a % of total expenditure					
Infrastructure adjustment	2.7	3.8	2.2		
RFI adjustment	6.7	7.0	6.7		
Target surplus for sustainable operations (infrastructure adjustment + RFI adjustment)	9.4	10.8	8.9		
As a % of adjusted income					
Margin for Sustainability and Investment (MSI)*	16.7	12.0	11.4		

* Please note that the MSI is calculated as a % of adjusted income, while the RFI and Infrastructure adjustments are shown as % of expenditure.

Measures of sustainability**

Legend:
— Infrastructure+RFI adjustments as % of expenditure
— RFI adjustment as % of expenditure
— MSI (% of adjusted income)
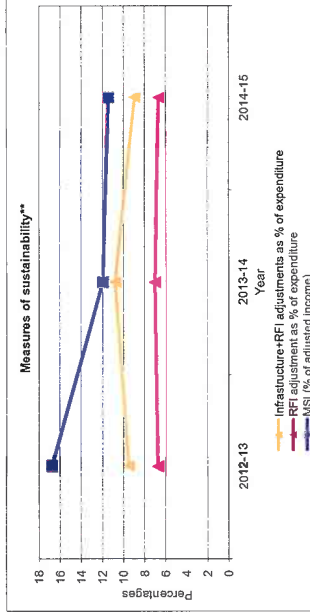
TRAC income and full economic costs by activity
Source: Section A

Recovery of full economic costs (income as a % of costs)	2012-13	2013-14	2014-15
Publicly funded Teaching	100.6	96.1	90.7
Non-publicly funded Teaching	112.0	108.7	102.4
Research	41.5	41.7	51.5
Other	105.3	99.1	121.7
Total	95.6	92.4	92.6

Research income and full economic costs by research sponsor type
Source: Section C

Recovery of full economic costs (income as a % of costs)	2012-13	2013-14	2014-15
Recurrent research funding from the funding councils			
Institution-own funded research	5.3	5.4	20.7
Postgraduate research	15.0	17.4	15.5
Research councils	78.8	78.9	76.1
Other government departments	88.0	96.0	80.6
European union *	52.1	69.8	64.3
UK charities	64.3	75.1	73.7
Industry **	87.8	79.3	77.3
Total research	41.5	41.7	51.5

Recovery of full economic costs (income as a % of costs)

* European Union covers EU government bodies including the Commission. This is the same as that defined under 3(e) in Table 6b of the HESA Finance Statistics Return.

** Industry should include all other organisations such as UK industry, commerce and public corporations, EU non-government organisations (i.e. EU-based charities, EU industry and EU other), Overseas charities, Overseas industry and Other sources.

For further details of definitions please see sections 3.1.4.1 and 1.3.2.4 of the TRAC guidance (http://www.hefce.ac.uk/funding/finsustain/trac).

Annual TRAC return reporting for AY 2014-15

Institution: London South Bank University
UKPRN: 10004078
TRAC Peer Group: E

Analysis of support costs, indirect costs and estates costs
Source: Section F

	2012-13	2013-14	2014-15	% difference 2012-13 to 2013-14	% difference 2013-14 to 2014-15
Total estates costs	26,326	28,831	24,245	9.5	-15.9
% of estates costs allocated to research	5.6	5.7	5.5		
Total indirect costs	67,086	70,059	80,626	4.4	15.1
% of indirect costs allocated to research	9.4	8.3	6.7		
Total indirect costs excl RFI adjustment	63,330	66,269	76,752	4.6	15.8
% of indirect costs (excl RFI adjustment) allocated to research	9.3	8.2	6.6		

Total estates and indirect costs
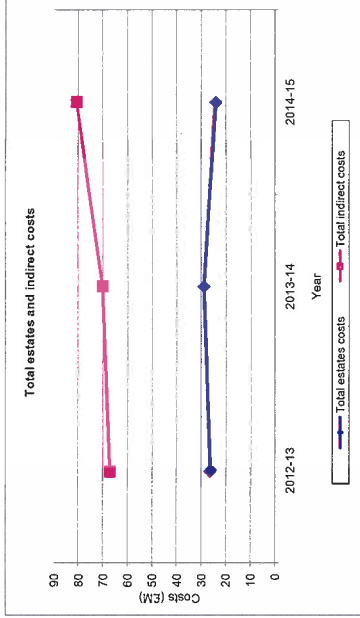
Analysis of indirect costs	2012-13	2013-14	2014-15	% difference 2012-13 to 2013-14	% difference 2013-14 to 2014-15
Support time of academic staff	12,372	13,806	15,815	11.6	14.6
Central services	44,028	46,324	59,116	5.2	27.6
Support staff in academic departments	6,930	6,140	1,821	-11.4	-70.3
Non-staff costs in academic departments	0	0	0	0.0	0.0
Return for Financing and Investment Adjustment	3,756	3,790	3,874	0.9	2.2
Total indirect costs	67,086	70,059	80,626	4.4	15.1

Analysis of indirect costs

London South Bank University

	PAPER NO: AC.10(16)
Paper title:	Speak up report
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	Michael Broadway
Executive sponsor:	James Stevenson, University Secretary and Clerk to the Board of Governors
Purpose:	To update the committee on any speak up matters raised since the last meeting
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	N/A - The speak up policy enables workers and students to report any concerns about malpractice, helping to create an open and ethical culture in the workplace.
Recommendation:	The committee is requested to note the report.

Matter previously considered by:	Audit Committee	At each meeting
Further approval required?	No	N/A

Executive Summary

No new speak up matters have been raised under the speak up policy since the last meeting.

One outstanding issue was investigated by an independent investigator as part of a review of race equality at LSBU. The recommendation from this review was that the issue raised by a member of staff is properly addressed through the Grievance Procedure.

The staff communications plan for the new speak up reporting line is being finalised and will tie in with a revised gifts and hospitality, and travel and expenses policies to be approved by Finance, Planning and Resources committee on 1 March 2016.

The committee is requested to note the report.

London South Bank University

	PAPER NO: AC.11(16)
Paper title:	Anti-Fraud, Bribery and Corruption Report
Board/Committee	Audit committee
Date of meeting:	11 February 2016
Author:	Natalie Ferer, Financial Controller
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	To alert Audit Committee to any instances of fraud, bribery or corruption arising in the period since the committee last met.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Financial control
Recommendation:	To note the report

Matter previously considered by:	Audit Committee	At every meeting
Further approval required?	None	N/A

Executive Summary

The Audit Committee oversee the policy on anti-fraud matters and ask to be notified of any action taken under those policies, including the Anti-Fraud and the Anti-Bribery policy.

There are no matters arising since the last meeting.

London South Bank University

	CONFIDENTIAL
	PAPER NO: AC.12(16)
Paper title:	Finance and Management Information (FMI) structure and leadership team
Board/Committee	Audit committee
Date of meeting:	11 February 2016
Author:	Richard Flatman, Chief Financial Officer
Executive sponsor:	Richard Flatman, Chief Financial Officer
Purpose:	For information. To update Audit Committee regarding changes to the structure and leadership of the department and any potential succession issues.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategic enablers – effective leadership in finance and management information
Recommendation:	That committee notes the report.

Matter previously considered by:	Audit Committee	Annually
Further approval required?	None	N/A

Executive Summary

There has been no significant change in the functional structure of Finance and Management Information or the senior leadership team of that professional service group since the last report to committee in February 2015. The functional structure and senior leadership team charts are attached for information.

For all professional services the goal was to create a number of agile groups which, like the Schools, could develop to reflect the requirements of their customer base. Finance and Management Information (FMI) was created by combining the Finance

department with elements of the Registry function. The purpose of the group is to lead the group finance function, facilitate the University's business planning and corporate performance review processes through the provision of budget and planning guidance alongside consistent financial and non-financial information and to provide a range of assurance services covering for example risk management, value for money and data assurance. As part of the overall assurance mechanisms the group also manages the internal and external audit functions.

Whilst the overall functional structure and senior leadership remains unchanged, there have been some changes to the structure of the sub teams during the year. A number of staff involved in buying activity in the schools have relocated to the central procurement services team which now offers an operational service alongside the more strategic contract management and category management service. The financial control team has also recently gone through a significant change process to deliver a more flexible, efficient service in response to changing needs across the University and to provide career development and succession routes for staff within the team.

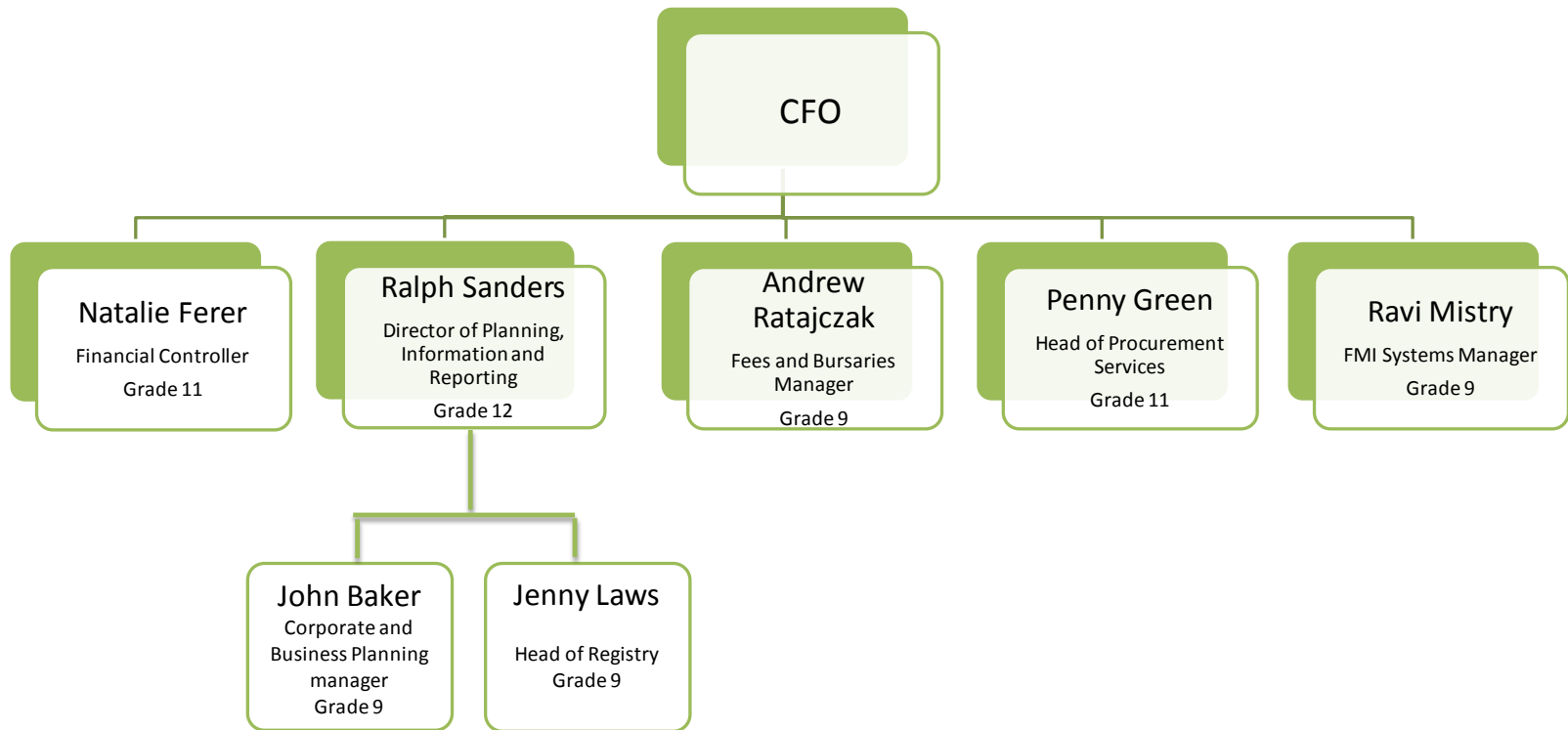All members of the senior leadership team have had their job descriptions updated in year to reflect the new structure and responsibilities and these new job descriptions have been subject to HERA review. The current grades are shown on the attachment.

Committee is asked to note the functional structure and leadership of FMI.

The CFO will give a verbal update at the meeting regarding the team and any succession planning issues.

FMI Functional Structure

London South Bank University

Finance and Management Information

January 2016

CFO

Financial Control

- Transactions processing /Accounting records
- Financial controls
- Financial accounting /statutory reporting
- External audit management
- Tax / VAT complaince
- Payroll / pensions
- Treasury management

Planning, Information and Reporting

FMI business partners

Planning
- Strategy/Forecasts
- Budgets
- Cashflow / capex
- Student number / financial planning
- Business planning
- Costing and pricing

Assurance
- Risk management
- Data quality
- Internal audit

Registry
- Student records
- HESA reporting
- Appeals/misconduct
- Exams/conferment

Reporting
- Data returns
- Management accounts
- Corporate performance reporting

Fees and Bursaries

- Enrolment/ re-enrolment data capture
- Tuition fee building
- Fee rates / structures + publishing
- Student fee record maintenance
- Fee refunds
- SFE liaison

Procurement Services

- Procurement policy and strategy
- Competitive tenders
- Category management
- Markets / supply chain
- Transactional buying
- Value for money
- Compliance
- Travel management
- Insurance
- Procurement reporting

FMI Systems

- P2P workflow
- Business continuity
- Compliance
- System design / training
- Risk/audit management systems
- BACS
- Supplier liaison

FMI leadership team

London South Bank University

	PAPER NO: AC.13(16)
Paper title:	Committee business plan, 2015/16
Board/Committee	Audit Committee
Date of meeting:	11 February 2016
Author:	Michael Broadway
Board sponsor:	Steve Balmont, Chair of the Committee
Purpose:	To inform the committee of its annual business plan
Recommendation:	To approve the committee's annual business plan

Matter previously considered by:	Audit Committee	At each meeting
Further approval required?	No	Date: N/A

Audit Committee Business Plan

The Audit Committee business plan is based on the model work plan for audit committees developed by the CUC. It is intended to help the committee review the adequacy and effectiveness of risk management, control and governance (including ensuring the probity of the financial statements) and for the economy, efficiency and effectiveness of LSBU's activities delegated to it from the Board.

As agreed at the meeting of 5 November 2015, the committee's business plan will be a standing item on agendas.

The plan lists regular items. Ad hoc items will be discussed as required.

The Audit Committee is requested to note its annual business plan.

London South Bank University

	Feb	June	Sept	Nov
Anti-bribery policy review				
Audit Committee, Annual Report to Board and VC			x	x
Audit Committee business plan	x	x	x	x
Audit Committee, self-assessment of performance			x	
Membership and Terms of Reference - approve			x	
Speak up policy - review		x		
Speak up report	x	x	x	x
Annual Report and Accounts				x
Anti-fraud policy review		x		
Anti-fraud, bribery and corruption report	x	x	x	x
Data assurance report	x			
Debt write off - annual		x		
External audit findings				x
External audit letter of representation				x
External audit management letter				x
External audit performance against KPI's				x
External audit plan		x		
External auditors - consider policy in relation to non-audit services				x
Financial personnel succession planning	x			

London South Bank University

Internal audit annual report			X (draft)	X (final)
Internal Audit plan - approval		x		
Internal audit plan - review at each audit cttee meeting	x	x	x	x
Internal audit progress reports	x	x	x	x
Internal audit reports (inc continuous audit)	x	x	x	x
Internal Controls - review				x
Pensions assumptions - indicative		x		
Risk Register	x	x	x	x
TRAC return to HEFCE to be ratified	x			
TRAC(T) return to HEFCE to be ratified		x		
Value for money report, annual				x