**Minutes of the meeting of the Group Audit and Risk Committee
held at 4.00 pm on Tuesday, 15 June 2021
via MS Teams**

Present
Duncan Brown (Chair)
John Cole
Mark Lemmon
Rob Orr

Apologies
David Phoenix

With
Peter Fidler, SIG (minutes 5 only)

In attendance
Natalie Ferer
Richard Flatman
Kerry Johnson
Nicole Louis
James Stevenson

External auditor
Fleur Nieboer

Internal auditors
Ruth Ireland
Gemma Wright

1. **Welcome and apologies**

   The Chair welcomed members to the meeting.

   The above apologies were noted.

2. **Declarations of interest**

   No interests were declared on any item on the agenda.

3. **Minutes of the previous meeting**

   The committee approved the minutes of the meeting of 11 February 2021 and 6 May 2021 and their publication as redacted.

   The committee approved the written resolution of 29 March 2021.

4.   **Matters arising**

Internal audit follow-up report
The committee noted that the internal audit follow-up report would be discussed by the Executive, as there were many actions still outstanding. An updated report would be circulated to the committee following Executive review.

The committee noted that the Executive would review the follow-up report on a monthly basis in order to track actions more closely.

IT recovery
The committee noted the update on IT recovery following the cyber attack of December 2020. The committee noted that the majority of systems were now recovered, and the target for full recovery was the end of June 2021.

The committee noted that the campus CCTV system was still offline. An external contractor had been appointed and the work was due for completion during June 2021.

The committee noted that an additional paper on the recovery of finance systems following the IT outage would be circulated following the meeting.

{Secretary's note: the finance systems updated was circulated on 16 June 2021.}

UKVI compliance
The committee noted the update on UKVI compliance and the work undertaken for those tier 4 students who had left LSBU before the date on their visa. Registry staff were in the process of adding and updating manual records to track the destinations of those students in order to ensure compliance with UKVI requirements, and follow-up work was due to begin shortly. A further update would be brought back to the committee when this work was complete.

All other matters arising were noted as being complete or in progress.

5.   **Committee effectiveness review: draft report**

The committee discussed the results of the GARC effectiveness review and associated action plan.

The Senior Independent Governor (SIG) summarised the key findings from the review, noting that the committee was considered to be effective and high-quality, with the right balance of skills and experience. The SIG noted that the effectiveness of the Chair had been particularly praised by respondents.

The committee noted the key challenge of balancing agendas to ensure adequate thematic discussion of strategic risk. It was agreed that the Executive would review the processes for assessing strategic risk and would

map responsibilities in terms of each risk area. The committee requested to receive more information on risk mitigation and controls.

In addition, the SIG referred to the complexity around the Group entities and the impact on the workload of the committee and its responsibilities in relation to the Group. Further clarification would be set out in the action plan.

The committee noted that, as part of the action plan, the Governance Team would work with the Chair and relevant Executive members to produce an updated annual business plan and clarification of the committee's relationship with other Board sub-committees and assurance sources.

The committee agreed that a light-touch effectiveness review should be carried out annually.

The committee approved the outline action plan, which would be updated and expanded, and would be circulated to members. The Chair thanked Peter Fidler and Kerry Johnson for producing the effectiveness review.

6. **External audit plan 2020/21**

The committee discussed the draft Group external audit plan for 2020/21.

The committee noted the areas highlighted as significant risks, including valuation of the LGPS net pension liability and the carrying value of land and buildings. Cyber security and recovery of IT systems had been added as a new area of key risk for 2020/21.

The committee noted that the deadline for submission of accounts to the OfS had been extended to 31 January 2022. However, the Group's reporting timetable would continue as usual, with the annual report and accounts coming to the November 2021 meeting of the Board of Governors for approval.

Going concern was discussed in detail at this and the following items and is minuted below.

Following discussion, the committee approved the 2020/21 LSBU Group external audit plan, which would also be noted by the SBC and SBA audit committees.

7. **Update on year-end processes**

The committee noted the update on preparations for the financial year-end audit processes, following a review of the processes that took place in 2019/20.

The committee noted that drafts for a number of sections that feed into the financial statements would be prepared earlier in 2021, including the statement on going concern. It was agreed that the Executive would consider

a more structured approach for discussion of going concern including the roles of both this committee and FPR.

The committee noted that consideration of pension assumptions would take place during summer 2021, and a recommendation to GARC members would follow.

The committee requested that a separate paper on fixed asset impairment be provided at the 5 October 2021 meeting.

8. **Internal audit progress report**

The committee noted the internal audit progress report.

The committee noted that a number of changes had been made to the 2020/21 internal audit plan due to the IT outage. These changes had been discussed in detail by the Executive and with the committee Chair. The committee approved these changes.

9. **Draft internal audit strategy and audit plan 2021-24**

The committee discussed the draft 2021/22 Group internal audit plan, as part of the three year internal audit strategy. The plan had previously been considered by the Executive and approved by the SBA audit committee (the SBC audit committee would discuss the plan at its meeting of 8 July 2021).

The committee noted that the internal audit plan was linked to the corporate risk register and, as discussed earlier, wished to understand the basis of mitigations and controls. The plan would be kept under review throughout the year and amended if required by changes in corporate risk.

The committee welcomed the linkage with the risk registers of LSBU, SBC and SBA.

The committee approved the draft 2021/22 Group internal audit plan and the continuing three year internal audit strategy.

10. **Corporate risk**

Risk appetite and strategy

The committee discussed the risk appetite and strategy of the LSBU Group.

The committee requested that the Executive consider the definitions and categories of risk to ensure they were representative of current good practice within the sector.

The committee noted that it would be requested to review and recommend to the Board the LSBU institutional risk appetite at its October 2021 meeting. SBC and SBA would also carry out their own review.

<u>Corporate risk register</u>

The committee noted the corporate risk register, comprised of zero critical risks, thirteen high risks, fourteen medium risks and three low risks.

11. **Anti-fraud, bribery and corruption policies review and report**

The committee discussed the anti-fraud policy and fraud response plan.

The committee noted that the anti-fraud policy required revisions in order to properly apply to the whole LSBU Group. It was agreed that a revised policy would be brought to the October 2021 meeting and that responses to the self-assessment checklist are further reviewed.

The committee requested that the policy link with the Group speak-up policy more closely. The committee requested that more detail on the risks of fraud related to international activity be provided.

The committee noted that the review of the anti-bribery policy would also be brought to the October 2021 meeting.

The committee noted that there were no new instances of fraud, bribery and corruption arising in the period since the committee last met.

12. **OfS report - consumer protection, communication and regulation**

The committee noted the report on the recent internal review of consumer protection, communication and regulation, as required by the Office for Students in light of the coronavirus pandemic.

13. **Fire door works update**

The committee noted that an audit of fire doors across all LSBU buildings had taken place and the Executive would shortly approve a prioritised action plan and additional unbudgeted expenditure.

14. **Data protection report**

The committee noted the data protection report, which included details of four incidents involving breaches of personal data since the previous meeting. One breach, involving a disciplinary outcome letter, was reported to the ICO. The ICO has advised that no action will be taken, but has issued recommendations, which the Executive would act upon.

15. **Speak up report**

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

16. **Reportable events update**

The committee noted that the impact of the IT incident on a specific group of students had been reported to the OfS since the previous meeting. No other reportable events had occurred.

17. **Committee business plan**

The committee noted the business plan. As part of the effectiveness review this would be revised during summer 2021.

18. **Matters to report to the Board following the meeting**

The committee noted that the internal and external audit plans, committee effectiveness review, corporate risk report and OfS consumer protection report would be reported to the next Board meeting.

Date of next meeting
4.00 pm, on Tuesday, 5 October 2021

Confirmed as a true record

Duncan Brown
.... (Chair)