

Minutes of a Meeting of the Audit Committee  
held at 4pm on Thursday, 24 September 2015  
in room 1B27, Technopark, London Road, London, SE1

**Present**

Steve Balmont	Chairman
Shachi Blakemore	
Douglas Denham St Pinnock	
Mee Ling Ng	

**External Auditors**

Nick Taylor	Grant Thornton
-------------	----------------

**Internal Auditors**

Justin Martin	PricewaterhouseCoopers
Charlotte Bilsland	PricewaterhouseCoopers

**In attendance**

David Phoenix	Vice Chancellor and Chief Executive
Pat Bailey	Deputy Vice Chancellor
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. The Chairman welcomed members to the meeting. No apologies had been received.
2. The committee welcomed Steve Balmont to his first meeting as Chairman of the committee. The committee recorded its thanks to Andrew Owen, the previous Chairman of the committee.

**Declarations of Interest**

3. Steve Balmont reminded committee members of his connection with Safecall, the independent speak up line provider (minute 24 below refers).

**Minutes of the last meeting**

4. The minutes of the meeting held on 4 June 2015 were approved (paper **AC.31(15)**). The minutes were approved for publication subject to the redaction of the figure in minute 9.

**Matters arising**

5. The committee requested an update on the actions being taken to address the findings of the internal audit report on data security. It was noted that good progress was being made and that the committee would be kept up to date with future progress through the internal auditors' reports.

**Internal audit progress report**

6. The committee noted the internal audit progress report (paper **AC.32(15)**). Work had begun on the internal audit programme for 2015/16.

**Internal Audit report – Risk Management**

7. The committee noted the internal audit report on risk management (paper **AC.33(15)**), which had been given a low risk rating.

**Internal Audit report – Change Portfolio**

8. The committee noted the internal audit report on the Change Portfolio (paper **AC.34(15)**), which had been given a medium risk rating.

**Internal Audit draft annual report**

9. The committee noted the internal audit draft annual report, 2014/15 (paper **AC.35(15)**). The final report would be considered at the meeting of 5 November 2015.
10. The committee noted the draft annual internal audit opinion for 2014/15, "except for one area (Data Security), the University has adequate and effective arrangements to address the risk that management's objectives are not achieved in respect of risk management, control and governance, and value for money processes".

**Internal Audit plan 2015/16**

11. The committee approved the revised internal audit plan for 2015/16 (paper **AC.36(15)**). The committee noted that apart from the plan, there were a number of additional areas that could be reviewed by the internal auditors. The plan would be reviewed at each meeting.

**Financial continuous auditing report (May to July 2015)**

12. The committee noted the finance continuous auditing report for May to July 2015 (paper **AC.37(15)**). All aspects of the control environment were rated green.

**Internal Audit Charter**

13. The committee approved the Internal Audit Charter for the financial year 2015/16 (paper **AC.38(15)**). The committee requested the internal audit reports to be succinct.

**Corporate Risk Register**

14. The committee noted the corporate risk register (paper **AC.39(15)**). The committee noted that the Board of Governors would review the risk register in detail at its meeting of 21 October 2015.

**Effectiveness of Internal Controls**

15. The committee noted the review of the effectiveness of internal controls and approved the full compliance statement for inclusion in the annual report (paper **AC.40(15)**).

**Pensions Assumptions**

16. The committee approved the assumptions used for the FRS17 report (paper **AC.41(15)**). The external auditors, Grant Thornton, confirmed that the assumptions were acceptable. The assumptions were in line with the indicative assumptions circulated in June 2015 and would result in a net deficit in the LGPS pension scheme at 31 July 2015 of £89m, an increase of £13m (17%) from the year before.

**Debtors' analysis**

17. The committee noted the detailed analysis of debtors (paper **AC.42(15)**), as requested at the previous meeting.

**Public benefit statement**

18. The committee approved the draft public benefit statement for inclusion in the annual report and accounts (paper **AC.43(15)**), subject to minor changes.

**Corporate governance statement**

19. The committee approved the draft corporate governance statement for inclusion in the annual report and accounts (paper **AC.44(15)**), subject to minor changes.

**Anti-fraud, bribery and corruption report**

20. The committee noted the anti-fraud, bribery and corruption report (paper **AC.45(15)**). An irregular cash payment from a prospective student had been reported. Efforts were being made to return the money.
21. The committee noted that a former employee was likely to be prosecuted by the Crown Prosecution Service for bribery. The case had been reported to the Audit Committee and HEFCE after its discovery in 2013.

**Speak up report**

22. The committee noted the speak up report (paper **AC.46(15)**). There had been no speak up matters raised since the previous meeting.
23. The committee noted the appointment of Safecall to provide an independent reporting line for issues raised under the speak up policy. The speak up line would be publicised as part of wider internal communications to staff around the LSBU Value of "integrity".
24. The committee noted as Chairman of the committee, Steve Balmont, would receive all reports from Safecall. The committee noted that the Law Debenture Pension Trust Corporation plc, of which Mr Balmont is a director, and Safecall Ltd are both subsidiary companies of Law Debenture plc. Mr Balmont confirmed that he has no day-to-day influence, control or contact with Safecall or any of its employees. A note to this effect would be added to the Governors' Register of Interests.

**Terms of Reference**

25. The committee noted its terms of reference (paper **AC.47(15)**), which had been approved by the Board of Governors at its meeting of 9 July 2015.

**Committee business plan**

26. The committee noted its business plan for the year (paper **AC.48(15)**).
27. The committee agreed that its regular self-assessment would take place every two years. It would review its effectiveness again in 2016.

**Matters to report to the Board**

28. The committee requested that a summary of the following items is reported to the Board meeting of 21 October 2015: internal audit plan for 2015/16, the approval of the public benefit statement and the corporate governance statement, and the speak up line.

**Any other business**

29. The committee noted that an audit of international applications would be carried out by Penningtons for management to ensure LSBU was prepared in case of a future audit by the UK Visas and Immigration.

**Date of next meeting**

30. It was noted that the next meeting would be at 4pm on Thursday 5 November 2015.

The Chairman closed the meeting.

Confirmed as a true record:

.....  
Chairman