

Meeting of the Audit Committee

4.00 - 6.00 pm on Tuesday, 7 February 2017
in 1A01 Board Room - Technopark, SE1 6LN

* Pre meeting with the External and the Internal Auditors at 3.30pm in 1A01, Technopark

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		SB
2.	Declarations of interest		SB
3.	Minutes of the previous meeting	3 - 12	SB
4.	Matters arising		SB
External audit			
5.	Appointment of external auditors (to recommend to Board of Governors)	13 - 20	RF
Internal audit			
6.	Internal audit progress report (to discuss)	21 - 54	JM
7.	Student data continuous audit	55 - 92	JM
8.	Internal audit report - placements	93 - 122	JM
9.	Internal audit report - HEFCE assurance review readiness management letter (to note)	123 - 154	JM
Risk and control			
10.	Corporate risk register (to discuss)	155 - 176	RF
Other matters			
11.	Financial and Management Information (FMI) structure and leadership team	177 - 182	RF
12.	TRAC return - paper to follow	183 - 184	RF
13.	Anti-fraud, bribery and corruption report (to note)	185 - 186	RF
14.	Speak up report (to note)	187 - 188	JS
15.	Anti-money laundering regulations	189 - 194	JS, RF

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
16.	Audit Committee business plan (to note)	195 - 198	JS
a)	Audit Committee self-assessment	199 - 200	JS
17.	Matters to report to the Board following the meeting		JS
18.	Any other business		SB

**Date of next meeting
4.00 pm on Thursday, 8 June 2017**

Members: Steve Balmont (Chair), Mee Ling Ng and Roy Waight

Apologies: Shachi Blakemore

Internal auditors: Charlotte Bilsland and Justin Martin

External auditors: Carol Rudge

In attendance: Natalie Ferer, Richard Flatman, David Phoenix, James Stevenson, Shân Wareing (for item 8) and Michael Broadway



Paper title:	Minutes of the meeting of 10 November 2016
Board/Committee	Audit Committee
Date of meeting:	7 February 2017
Author:	Michael Broadway, Deputy University Secretary
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

Executive Summary

The Committee is asked to approve the minutes of its meeting of 10 November 2016 for publication on the LSBU website. There are no suggested redactions to the minutes.

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**Minutes of the meeting of the Audit Committee
held at 4.00 pm on Thursday, 10 November 2016
1B16 - Technopark, SE1 6LN**

Present

Steve Balmont (Chair)
Shachi Blakemore
Mee Ling Ng
Roy Waight

External Auditors

Carol Rudge	Grant Thornton
Nick Taylor	Grant Thornton

Internal Auditors

Charlotte Bilsland	PricewaterhouseCoopers
Justin Martin	PricewaterhouseCoopers

In attendance

David Phoenix
Natalie Ferer
Richard Flatman
Michael Broadway
Pervena Singh

Apologies

James Stevenson

1. Welcome and apologies

The Chair welcomed members to the meeting.

Apologies had been received from James Stevenson.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The minutes of meeting held on 22 September 2016 were approved for publication, with the proposed redactions.

4. **Matters arising**

There were no matters arising from the previous minutes which were not already included on the agenda.

5. **Quality assurance return to HEFCE**

Shân Wareing joined the meeting

The committee discussed the quality assurance return to HEFCE in detail. The committee noted that under the new HEFCE requirements the Board will, for the first time, be required to sign an annual statement to confirm that the Board is assured that LSBU is maintaining its responsibility for improving student academic experience and student outcomes, and that academic standards are set and appropriately maintained.

The committee noted that aspects of quality assurance are regularly reported to the Board through the Vice Chancellor's report, Key Performance Indicators report and the corporate strategy progress report.

The committee noted how LSBU's quality processes were mapped to national quality expectations. The committee noted the action plan for continuous improvement of the student academic experience.

Following the review by the Academic Board and the committee's review of the supporting documentation, the committee recommended the full assurance statement to the Board for approval.

Shân Wareing left the meeting

6. **Audit Committee business plan**

The committee noted its business plan.

7. **Prevent annual return**

Ian Mehrtens joined the meeting

The committee reviewed the Prevent annual report, which had been recommended by the executive. The report demonstrated how LSBU had had due regard to the need to prevent people being drawn into terrorism. The committee recommended the Prevent annual report to the Board for approval and for submission to HEFCE.

Ian Mehrtens left the meeting

8. **External audit findings**

The External Audit partner of Grant Thornton, external auditors presented the audit findings for the year ended 31 July 2016. It was reported that the audit

was substantially complete pending the finalisation on a few outstanding items. No material weaknesses had been identified.

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

9. Internal Audit Annual Report

The committee noted the final internal audit annual report. The report would be sent to HEFCE.

10. Going concern statement

The committee approved the going concern review 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.

11. External audit letter of representation

The committee discussed the letter of representation to the auditors, 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 or as a result of any matters arising during the course of the audit. The committee recommended the letter to the Board for approval.

12. Draft report and accounts for year to 31 July 2016

The committee reviewed the draft report and accounts for 2015/16. The surplus was £3.3m.

The committee received assurance from the Chief Financial Officer that no matters had arisen since the last report to the September 2016 audit committee meeting that would prevent a full compliance statement being made in the annual accounts. The Chair requested a further update at the November 2016 Board meeting.

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

13. Audit Committee annual report

The committee approved the draft audit committee annual report to the Board, as recommended by the executive, subject to the Chair reaching a formal conclusion on the speak up matter. The final report, signed by the Chair of the Audit Committee would be submitted to HEFCE.

14. Public benefit statement

The committee approved the final version of the public benefit statement for inclusion in the annual report, subject to minor amendments.

15. External audit performance

The committee noted that Grant Thornton, the external auditors, had achieved their agreed key performance indicators and there were no concerns during the course of the audit.

16. Review of non-audit services

The committee noted that during the year 2015/16 Grant Thornton had provided corporation tax advisory services with a value of £4,188, VAT advice services with a value of £3,693 and FRS102 transition review with a value of £6,000.

17. Internal audit progress report

The committee noted the internal audit progress report for 2016/17 and the final report on data security (reviewed at the audit committee meeting of 22 September 2016).

The committee noted the new requirement to review the internal audit service every five years. An update would be provided to the next meeting.

18. Internal audit report - Human Resources

The committee noted the internal audit report on the review into the planned replacement of the Oracle HR system with an integrated I-trent product. The report classified the findings as a low risk.

The committee discussed findings on incorporating lessons learned into future projects.

19. Corporate risk register

The committee discussed the corporate risk register and noted the new risks on student system operations and quality assessment, which were being reviewed by the executive.

20. Annual value for money report

The committee approved the annual value for money report which demonstrated how the university had met its value for money obligations during 2015/16. The report would be submitted to HEFCE.

21. **Modern Slavery Act statement**

The committee approved the amended modern slavery act statement on behalf of the Board. The statement had been recommended by the executive.

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

The committee noted the anti-fraud, bribery and corruption report. No matters had been identified since the last Audit Committee meeting.

23. **Anti-bribery policy review**

The committee approved the Anti-bribery policy.

24. **Speak up report**

The committee noted the Speak Up report.

One anonymous speak up issue had been raised, since the last meeting in relation to the Hall of Residence restructuring.

The speak up issue is linked to the outstanding speak up issue and would be considered together. An update would be provided at the next meeting.

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

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 24 November 2016.

**Date of next meeting
4.00 pm, on Tuesday, 7 February 2017**

Confirmed as a true record

..... (Chair)

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**AUDIT COMMITTEE - THURSDAY, 10 NOVEMBER 2016
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Date	Officer	Action Status
17.	Internal audit progress report	Update on internal audit service 5 yearly review	7 February 2017	Richard Flatman	Will provide verbal update.

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	CONFIDENTIAL
Paper title:	External Audit Services
Board/Committee	Audit committee
Date of meeting:	7 th Feb 2017
Author:	Natalie Ferer
Executive/Operations sponsor:	Richard Flatman
Purpose:	To report on progress with appointing a firm to deliver external audit services. For decision
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	This will support the corporate objectives covered by Resources and Infrastructure, particularly related to Financial Controls.
Recommendation:	The selection panel are seeking that Audit Committee recommend to the board that we appoint KPMG to deliver the University's external audit service.

Background

The University's current external audit services contract (with Grant Thornton) ends on 31st July 2017, the University is therefore seeking a provider of external audit services to start in time for the planning of the 2017 financial year end. The successful firm will be required, as a minimum, to conduct the audit of the University and subsidiary accounts, provides advice and guidance on applicable accounting standards and codes of practice and provide assurance to the board of Governors on the university's governance, risk management and internal control systems.

Process so far

A sourcing strategy was approved by Audit Committee at the September 2016 meeting and it was agreed that a mini competition would be held using the Crown Commercial Services Consultancy One framework.

Two firms submitted bids; KPMG and BDO, out of a possible 8 firms on the framework. Although there was concern that more firms did not bid, the quality of the two responses that were received was high, and it was decided to proceed with evaluating the responses as planned.

The evaluation panel was made up of 3 out of the 4 members of Audit committee plus the Chief Financial Officer and Financial Controller. The selection panel evaluated the firms' written response to the tender and interviewed each Audit Partner and members of the audit teams that would be working with LSBU.

It is recommended that that the contract be awarded to KPMG for a period of 5 years with options to extend by a further 2 x 1 year periods. The contract will begin in March 2017 to allow for the planning of the 2017 year end audit.

Next steps

- Consideration and approval by the Board on 16th March
- Issuing of contracts – March/April
- Begin planning for the 2017 interim and final audit April/May

Attachment : Authority to Award Report

Report Title: External Audit Services
Report Author: Robert Ager
Report Date: 18th January 2017

This report contains commercially sensitive information – please treat as confidential

When and how to use this document

This document should be used to formally document a Procurement process and related tender outcomes. It should be used for all Procurements exceeding £50,000 over the contract term (in accordance with table 2, section 9 of Financial Regulations and Business Case delegations).

All relevant sections of this report should be completed. Irrelevant sections should be marked 'not relevant' and should not be deleted. A sample document is available for reference to assist you when completing this document.

Report

High Level Summary:

Key Area	Outcome
Purpose of Report	Authorisation to Award
Tender Process	Mini Competition from CCS ConsultancyONE Framework
Proposed Provider	KPMG
Evaluation Approach	Price and Quality
Cost (inc.VAT)	£465,238 (assumes annual CPI increase)
VFM objectives achieved	Capped prices via the CCS framework
Potential Risks	None

Detailed Summary:

1. Summary

Details of what needs to be approved and a list of key areas covered by the report

- 1.1 This report requests approval for the award of the External Audit Services contract and summarises the tender process.

2. Recommendations

Details of who the contract is to be awarded to, proposed contract term and extensions, and other relevant contract arrangements such as framework contract arrangements

- 2.1 That the contract be awarded to KPMG LLP as noted in section 4.3 commencing 31st March 2017 (subject to approval) for a period of 5 years with options to extend by a further 2 x 1 year periods.
- 2.2 The contract will be awarded under the CCS framework terms and conditions.

3. Current Service Provision

Details of current supplier; contract arrangements; expiry dates; and potential exit issues.

- 3.1 Current External Audit Services are carried out by Grant Thornton. Their contract expires on 31st July 2017 and will not include any work in relation to the audit for the year ended 31st July 2017. Grant Thornton chose not to submit a bid on this occasion.
- 3.2 Exit issues are mitigated by KPMG having experience in this type of service change. They will gain access to Grant Thornton audit papers and will schedule meetings to discuss the handover.

4. The Procurement Process

Details of corporate strategy alignment; previous business case submissions, overview of the tender process including PQQ and ITT outcomes; evaluation criteria and weighting, evaluation outcomes including overview of top 3 ranked suppliers; and details of briefings and other relevant steps in the process.

4.1 Tender Process

A Mini-Competition Tender process was undertaken in accordance with Lot 5.4 of the Crown Commercial Service ConsultancyONE Framework. The ITT documents were made available to all 8 providers on the External audit lot. Key milestones as follows:

• ITT Published	14 October 2016
• Tender Closing Date	11 November 2016
• Tenders Received	2
• Tenders Excluded	0

4.2 Tender Evaluation

Tenders were evaluated by a tender panel consisting of:

- Steve Balmont – Chair of Audit Committee
- Shachi Blakemore – Audit Committee member
- Roy Waight – Audit Committee member
- Richard Flatman – Chief Financial Officer
- Natalie Ferer – Financial Controller

Tenders were evaluated against the Criteria published in the ITT document.

4.3 Tender Results

Rank 1 KPMG

Rank 2 BDO

5. Financial Implications

Pricing overview, including cost type (fixed cost, schedule of rates call off etc), high level overview of recommended supplier price (with cost element breakdown), and final whole life cost in relation to approved budget,

5.1 The University's Financial Regulations state that contracts for supplies and services exceeding £50k shall require completion of an Authority to Award report for authorisation of the award of the contract. The estimated value of this contract is over this threshold and approval is therefore sought.

5.2 Pricing is based on the ceiling rates agreed as part of the CCS Framework. The contract will be entered into on a fixed price basis but linked to an agreed schedule of rates. Full details of price and rates can be found in Appendix 2.

6. Legal Implications

Details of whether or not EU regulations apply.

6.1 The tender is in scope of the Public Contracts Regulations 2015. The CCS ConsultancyONE Framework was awarded under the terms of the relevant legislation and is a fully compliant route to market.

7. Background Papers

List of relevant papers that support this report

- 7.1 Sourcing Strategy
 - Invitation to Tender Requirement Specification
 - Bidder Responses
 - Audit Committee Minutes

Contact Details for Further Information

Name and contact details of Project Lead, Project Sponsor and Procurement team lead, if applicable

Natalie Ferer – Financial Controller

Robert Ager – Category Manager

Approval Sign Off

Completed reports should be circulated for approval using the University's [electronic Authority to Award approval flow](#). After saving the completed Authority to Award report, select the approval flow link to complete the eform, attach the saved report, and submit for approval.

Appendix 1: Final Evaluation Score Summary

Screen shot of completed evaluation matrix.

External Audit Services 16/002						
Criteria	Methodology	Resourcing	Sector Knowledge	Price	Total	Ranking
Weighting	20%	35%	15%	30%	100%	
Max points available	20	35	15	30	100	
BDO	12	21	9	12	54	2
KPMG	12	28	12	18	70	1

Appendix 2: Price Summary

1. FIXED COSTS PER ANNUM

Fixed Contract Costs Per Annum	Total Net Cost	VAT	Grand Total
Total cost of the Service (Year 1)	£52,150	£10,430	£62,580
Total cost of the Service (Year 2)	£52,150	£10,430	£62,580
Total cost of the Service (Year 3)	£52,150	£10,430	£62,580
Total cost of the Service (Year 4)	£52,150	£10,430	£62,580
Total cost of the Service (Year 5)	£52,150	£10,430	£62,580
Total cost of the Service (Year 6)	£52,150	£10,430	£62,580
Total cost of the Service (Year 7)	£52,150	£10,430	£62,580
Total Fixed Cost (over 7 year potential contract period)	£365,050	£73,010	£438,060

KPMG Price assumptions:

- Annual net cost quoted above will be subject to increase annually in line with CPI.
- We are able to conduct normal audit procedures and place reasonable reliance on the University's internal controls.
- There are no material changes in your operations from the 2015/16 year other than the expected increase in turnover as per the University's Corporate Strategy 2015-2020
- Key documents are provided on the dates agreed and there are no significant delays that are outside our control.
- Financial statements are provided on the dates agreed and there are no significant delays that are outside our control.
- Financial statements for all entities are prepared in-house by management to a good standard.
- The fees do not include other assurance reports or grant returns that you may request us to undertake. We will agree any such fees with management and the Audit Committee on an arising basis.

2. BREAKDOWN OF COSTS - YEAR

1

University

Resource Category	Day Rate	Number of days	% of Fixed Cost per annum
Engagement Partner	£1,000	9	18.40%
Manager	£750	18	27.61%
Assistant Manager	£500	20	20.45%
Audit Assistant	£400	28	22.90%
Audit Assistant	£300	14	8.59%
Other (D&A specialist)	£750	2	3.07%
Totals		91	

SBU/EL

Resource Category	Day Rate	Number of days	% of Fixed Cost per annum
Engagement Partner	£1,000	0.5	18.18%
Manager	£750	1	27.27%
Assistant Manager	£500	0	0.00%
Audit Assistant	£400	1.5	21.82%
Audit Assistant	£300	3	32.73%
Other (D&A specialist)	£750	0	0.00%
Totals		6	



	CONFIDENTIAL
Paper title:	Internal Audit Progress Report: November 2016
Board/Committee	Audit Committee
Date of meeting:	9 th February 2017
Author:	PriceWaterhouse Coopers
Executive/Operations sponsor:	Richard Flatman – Chief Financial Officer
Purpose:	To provide Committee with an overview of the current progress against the Internal Audit Plan for 16/17.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	The internal audit plan relates to controls and processes that relate to the entire organisation, and provide assurance against all of the risk types within the Corporate Risk Appetite statement.
Recommendation:	Committee is requested to note: <ul style="list-style-type: none"> • the report and its findings • the appendix detailing the risk profile of the Higher Education sector

Executive Summary

58% of the agreed internal audit programme for 16/17 is now complete.

The progress overview accompanies three reports to committee, The Placements report, the Student Data Continuous audit report for period 1, and the report on preparedness for the Hefce Assurance review.

13 agreed recommendations were followed up in this period, and 5 (39%) have now been implemented, with 2 closed, and 3 partially implemented (23%) and 3 still in progress. (*details in appendix A*)

- The Committee is requested to note the report and the progress made.

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Internal Audit Progress Report 2016/17

*London South Bank
University*

FINAL

February 2017

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Activity in the period

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Progress against plan

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Appendices

- A. Follow up on audit actions
- B. Thought leadership



Summary (1 of 2)



Purpose of this report

We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

Progress against the 2016/17 internal audit plan

We have completed 58% of our 2016/17 internal audit programme for the year, which is in line with the agreed profile for our work.

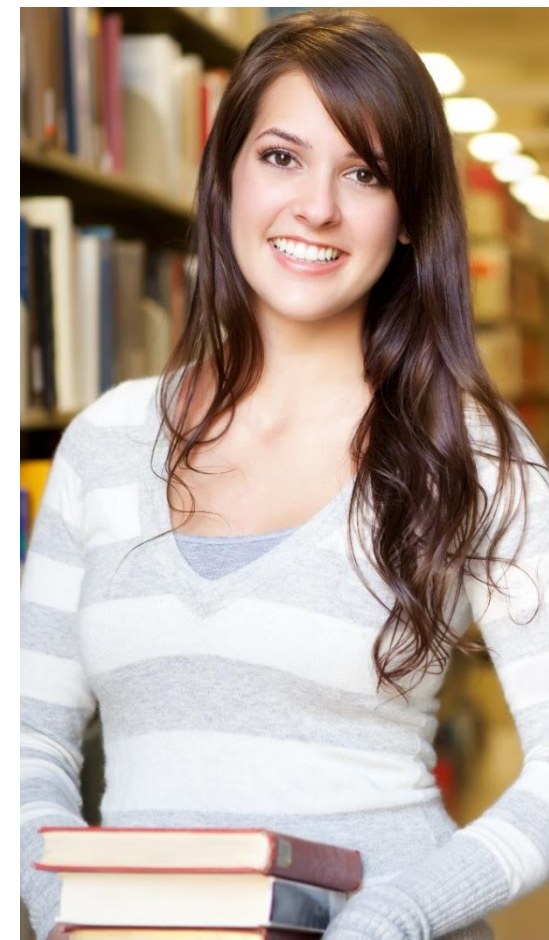
For this Audit Committee, we present the following final reports:

- Continuous Auditing: Student Data Period 1 - 2016/17
- HEFCE 5 Year Review
- Placements

Findings of our Follow Up Work

We have undertaken follow up work on actions with an implementation date of 31/01/2017 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 13 actions have been followed up this quarter. Five actions have been implemented (39%), two have been closed (15%), three have been partially implemented (23%) and three have not been implemented (23%). Progress is summarised in Appendix A.



Summary (2 of 2)



Other Matters

In January 2017, we met with LSBU’s finance interns to discuss the PwC graduate scheme and applying for professional service jobs. This follows the afternoon we hosted at our Embankment Place office in August 2016.

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. In Appendix B we have highlighted a recent report by HEFCE on the financial health of the higher education sector.

Recommendations

- That the Audit Committee notes the progress made against our 2016/17 Internal Audit Programme.
- That the Audit Committee comments on our final report for: Continuous Auditing: Student Data Period 1 - 2016/17, HEFCE 5 Year Review and Placements.



Activity in the period (1 of 4)



Final reports issued since the previous meeting

Continuous Auditing: Student Data Period 1 - 2016/17

Excluding the two new controls for this cycle, the overall trend shows a slight decline in performance from the previous period: 22 exceptions were identified in Period 2 2015/16; this has increased to 27 exceptions this period. Nine exceptions were also identified across the two new controls, S2 and S3. We also identified two control design exceptions.

Control	P1 16/17 Effectiveness	P1 16/17 Control design	P2 15/16 Effectiveness	P2 15/16 Control Design	Trend
S1	4	1	6	-	↑
S2	5	-	N/a	N/a	N/a
S3	4	-	N/a	N/a	N/a
S4	4	1	5	-	↑
S5	5	-	3	-	↓
S6	9	-	-	-	↓
S7	1	-	2	-	↑
S8	1	-	5	-	↑
S9	N/A	-	-	-	↓
S10	-	-	1	-	↑
S11	3	-	-	-	↓
Total	36	2	22	-	↓

Activity in the period (2 of 4)



Final reports issued since the previous meeting

We also completed data assurance testing over student timetables. The below table summarises the results. Overall we can see that there has been a significant improvement in performance since the last period of testing.

Test	Test Detail	Trend	2016/17	2015/16		2014/15
			P1	P2	P1	P2
			(01/04/2016 – 31/10/2016)	(01/11/2015 – 31/03/2016)	(01/08/2015 – 31/10/2015)	(01/11/2014 – 31/03/2015)
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.	↑	-	12	31	19
3	We checked that, for all larger modules, there are sub-groupings and that the modules and their sub-groupings contain the same students.	↑	2	33	73	58
4	We checked that, for each course, the students affiliated with the timetable are listed in the QLS extract.	↑	-	8	5	47
5	We checked that, for each course, the students listed in the QLS extract are linked to the course timetable.	↑	-	2	2	46
6	We checked that, for each course, the students not recorded as fully enrolled in the course timetable are not in the QLS extract.	↔	-	-	-	30
Total		↑	2	55	111	200

Activity in the period (3 of 4)



Final reports issued since the previous meeting

HEFCE 5 Year Review

The HEFCE Assurance Service visits every UK university every 5 years to discuss the accountability returns that they submit to HEFCE as part of the accountability process. The HEFCE Assurance Review (HAR) is a requirement of the Memorandum of Assurance and Accountability (MAA) and normally takes one day. The HAR will focus on institution's accountability for public funding they receive. Typically, HEFCE will meet with senior management and members of governance bodies to discuss the institution's processes and supporting documentation for the information and assurances provided to HEFCE each year. HEFCE will visit London South Bank University (LSBU) in January 2017. The purpose of this engagement was to help London South Bank University (LSBU) prepare for this review through a series of interviews with selected senior management and members.

Key Findings

LSBU appears to have prepared well for the visit: relevant stakeholders have been briefed, a comprehensive briefing pack has been prepared and circulated to stakeholders for reference and interviewees were fully conversant of the subject matter. In particular we found that all interviewees had a consistent view of key risks to the institution (student recruitment and retention and maintaining fee income and growth), understood how the internal governance process worked and clearly understood LSBU's strategy and financial strategy.

A summary of our key findings, which largely relate to refining their current process for preparing for the HAR, can be seen below:

- Ensuring all interviewees are comfortable with how each Data Return and Assurance Statement is prepared, reviewed and approved and including a summary of this within the Background Information Pack supplied to interviewees;
- Ensuring the Background Information Pack does not contain duplicates;
- Reminding themselves of key communications with HEFCE and ensuring any key matters are reminded to relevant stakeholders;
- Ensuring staff are familiar with the quality assurance return and Public Benefit Statement to HEFCE.

Activity in the period (4 of 4)



Final reports issued since the previous meeting

Placements – Medium Risk

From 2016 London South Bank University (LSBU) will offer every undergraduate student the opportunity for a placement, internship or a professional experience during their time at LSBU. LSBU does not currently have a central process for accessing and monitoring placements but are in the process of introducing a new system, InPlace, in order to improve placement provision and ensure a more consistent offering. The purpose of this audit was to assess the control design and operating effectiveness of the current process, and to assess the control design of the InPlace system.

We identified four *medium risk* findings:

1. LSBU is unable to provide a list of all students on a placement. Completeness of placement records cannot be verified because LSBU is reliant on the student informing them that they are going on a placement.
2. We identified that a number of the checks required to be completed before a student starts a placement, including risk assessments and academic approval from the School, could not be evidenced.
3. Centralised guidance on the placement risk assessment and monitoring process is not in place.
4. The plan for developing and implementing InPlace needs to be expanded and include areas such as feedback mechanisms and training day-to-day users of the system.

We also identified two *low risk* findings, which relate to the reliance on the placement provider to monitor student attendance and also the lack of guidance on which placements require a workplace inspection. An *advisory* finding was raised as LSBU staff are required to complete due diligence procedures over placement providers each time they employ a student.

Progress against plan (1 of 3)



The below table outlines the progress against the 2016/17 Internal Audit Plan:

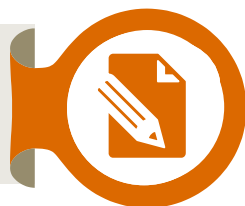
Days	ToR	Field work start	Exit Meeting	Final Report	Report Classification	Total findings	Ratings				
							Critical	High	Medium	Low	Advisory
Quarter 1: August 2016 – October 2016											
Continuous Auditing: Key Financial Systems – January 2016 to July 2016											
13 (15)	19/08/2016	22/08/2016	05/09/2016	16/09/2016	N/A						
HEFCE 5 Year Review											
5 (5)	30/11/2016	15/12/2016	15/12/2016	24/01/2017	N/A						
HR System Implementation											
9 (9)	03/10/2016	03/10/2016	07/10/2016	20/10/2016	Low	3	-	-	1	1	
Quarter 2: November 2016 – January 2017											
Placements											
8 (8)	28/11/2016	12/12/2016	15/12/2016	23/01/2017	Medium	7	-	-	4	2	
Continuous Auditing: Student Data – April 2016 to October 2016											
12 (12)	14/11/2016	21/11/2016	02/12/2016	25/01/2017	N/A						

Progress against plan (2 of 3)



Days	ToR	Field work start	Exit Meeting	Final Report	Report Classification	Total findings	Ratings				
							Critical	High	Medium	Low	Advisory
Quarter 3: February 2017 – April 2017											
Continuous Auditing: Key Financial Systems - August 2016 to December 2016											
12 (10)	13/01/2017	16/01/2017	27/01/2017		N/A						
Continuous Auditing : Student Data - November 2016 to March 2017											
15 (0)					N/A						
Apprenticeships											
7 (1)											
IT audit											
10 (1)											

Progress against plan (3 of 3)



Days	ToR	Field work start	Exit Meeting	Final Report	Report Classification	Total findings	Ratings				
							Critical	High	Medium	Low	Advisory
Quarter 4: May 2017 – July 2017											
Risk Management											
5 (0)											
Contract Management and Spend Activity											
10 (0)											
Other											
18 (13)	Planning, contract management, reporting, value for money and follow up										
Total	127 (74)										

Appendices

Appendix A: Follow up (1 of 7)

Implemented

#	Review	Agreed Action	Original Due date	Risk rating	Status
1	Data Security	<p><u>User Administration</u></p> <p>The dual accounts are by design as there are technical administrators that only undertake authoritative actions on the systems by invoking their '1' account. No administrator is allowed to log on 'interactively' with their 1 account, it is only used for privilege escalation as and when that is required. In order to mitigate the risk that administrative accounts are retained after they are no longer needed, we have undertaken quarterly reviews of all '1' accounts across the organisation, the first of which was instituted on 05/09/16.</p> <p>The implementation of the new HR iTrent system will enable an audit trail of all changes to staff access.</p> <p>We will continue to review the physical security controls in place for all IT assets held by LSBU. The physical security weaknesses addressed in this document have been identified and remediated to an acceptable level given environmental constraints.</p> <p>The security controls in question need to be reviewed more thoroughly before we take steps to remediate these controls. It is not clear that the forms in question were unavailable due to failings in the process.</p>	31/12/2016	<p>●</p> <p>High</p>	<p>Quarterly reviews of the dual administrator accounts have been enacted, the first meeting was on 05/09/16. A second review was completed on 04/01/2017.</p> <p>HR iTrent is now live as the primary data source for HR data. LSBU are examining the capacity for auditing and logging, the next step is to have the logs from this system captured by our security information and event management (SIEM) solution.</p> <p>A physical security audit is scheduled for May 2017.</p>
2	Prevent Duties	<p><u>Student Engagement</u></p> <p>We will formalise our Student Engagement Plan.</p>	31/12/2016	<p>●</p> <p>Advisory</p>	<p>The Student Engagement Plan has been formalised.</p>

Appendix A: Follow up (2 of 7)

Implemented

#	Review	Agreed Action	Original Due date	Risk rating	Status
3	Prevent Duties	<p><u>Staff Training Plan</u></p> <p>We will finalise training materials for tier 2, 3 and 4 training and implement a timetable to deliver this training.</p>	31/12/2016	<p>●</p> <p>Advisory</p>	<p>Training materials have been finalised.</p> <p>Planned delivery mechanisms and a timetable for staff to complete training have been implemented.</p> <p>Roll out of training materials has been supported by communications from the Chief Operating Officer.</p>
4	Risk Management	<p><u>Corporate Risk Register</u></p> <p>Controls are developed within a timeframe relevant to the nature of the risk. In some instances it may not be possible to implement a suitable control at the point that the risk is first recorded on the Corporate Register. The Strategic Risk Review Group and Operations Board will consider what controls could be developed in relation to these emerging risks, amending risk register entries as appropriate.</p>	30/11/2016	<p>●</p> <p>Advisory</p>	<p>Review of the Corporate Register is a standing item at the Strategic Risk Review Group meetings, (Next meeting 23 January 2017) and any risks without controls will be reviewed as part of this.</p> <p>The Register is also reviewed at Operations Board and at Audit Committee.</p>
5	Risk Management	<p><u>Risk review</u></p> <p>We will perform a review of the annual action points and business plan for all PSDs and Schools to ensure all fields are complete and appropriate.</p>	30/11/2016	<p>●</p> <p>Advisory</p>	<p>This has been completed for 2016/17 plans, and the planning templates are being revised for 2017/18 to further develop the incorporation of risk elements.</p>

Appendix A: Follow up (3 of 7)

Closed

#	Review	Agreed Action	Original Due date	Risk rating	Status
6	Change Portfolio	<p>Portfolio Mandate and project management approach</p> <p>As noted in the Executive Summary, 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.</p> <p>Activity is focussed on:</p> <ul style="list-style-type: none"> • 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 • 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. 	<p>30/11/2015</p> <p>30/04/2016</p> <p>31/07/2016</p> <p>31/01/2017</p>	<p>●</p> <p>Medium</p>	<p>This agreed action relates to the 2014/15 Change Portfolio review. The agreed action is now obsolete, therefore the action has been closed.</p>

Appendix A: Follow up (4 of 7)

Closed

#	Review	Agreed Action	Original Due date	Risk rating	Status
7	Change Portfolio	<p>Benefits Management</p> <p>As noted above, projects within the Change Programme achieved their specified deliverables, assessed and approved by the Programme Board (Executive). Benefits noted at initial project approval will be achieved after a period of months and years, and will be monitored – the completion of the KPI reporting tool, the final deliverable of the performance reporting project, in October 2015, enables benefits monitoring.</p> <p>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.</p> <p>Reporting: Benefits monitoring has now been built into monthly project reports, and an online reporting process is in development.</p> <p>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.</p>	<p>30/11/2015</p> <p>30/04/2016</p> <p>31/07/2016</p> <p>31/01/2017</p>	<p>●</p> <p>Medium</p>	<p>This agreed action relates to the 2014/15 Change Portfolio review. The agreed action is now obsolete, therefore the action has been closed.</p>

Appendix A: Follow up (5 of 7)

Partially Implemented

#	Review	Agreed Action	Original due date	Revised due date	Risk rating	Status
8	Data Security	<p><u>Logical Security</u></p> <p>We are not able to technically restrict unencrypted USB devices across the whole organisation as this would have a negative impact on teaching and learning, as well as on our disabled students. Instead we will begin deploying encrypted USBs to all staff that request them, and enforcing by policy; that all members of staff must use LSBU provided encrypted USBs whenever transporting any data away from their machines.</p> <p>We have not been accepting 'opt outs' for encryption policies since July 2015, we will no longer be accepting 'opt outs' for any encryption related policy. This messaging will be reinforced to our helpdesks during September.</p> <p>We have undertaken a cost benefit analysis of known desktop machines across the organisation. We have identified that public machines hold no accessible sensitive information therefore can be viewed as low risk. As a department we have decided that only sensitive devices will be encrypted.</p> <p>We recently (August 2016) implemented a system (System Centre Configuration Manager) capable of cataloguing and tracking machines across our network. This system will help to address historic tracking issues for laptops and other mobile devices. We are expecting this system to reach maturity by the end of 2016. In addition we are exploring options to restrict access to staff areas of the network to only allow registered and tracked devices (Network Access Control system) during the 16/17 academic year.</p> <p>The password parameters applied in AD are a known issue related to a deprecated system that has been decommissioned, a change request has been submitted as of 07/09/2016 to have the technical password policy parameters changed.</p> <p>We will review the listing of incomplete encryptions and remind users to ensure that these are up-to-date so they are actively encrypted. As above, this work will be covered as part of our SCCM database.</p>	31/01/2017	31/08/2017	<p>●</p> <p>High</p>	<p>SCCM (Systems Centre Configuration Manager) has been implemented and LSBU are in the process of cataloguing all machines across the network.</p> <p>LSBU are currently in the process of hiring a configurations manager to manage this system and the configuration management database (CMDB) that goes with it.</p> <p>The Password parameters change request has not been completed. The initial scoping exercise did not account for complexities in legacy systems that have slowed the implementation significantly. This work is currently ongoing.</p>

Appendix A: Follow up (6 of 7)

Partially Implemented

#	Review	Agreed Action	Original due date	Revised due date	Risk rating	Status
9	Prevent Duties	External Speakers and Events We will prepare a centralised listing of LSBU affiliated events taking place both on and off campus.	31/12/2016	30/04/2017	● Medium	Action is being progressed. Centralisation is approximately 75% complete, the remaining areas will be developed and included within the centralised listing.
	HR System Transformation	Formalised Procedures Formalised procedures will be created to evidence controls in place.	31/10/2016	31/03/2017	● Advisory	Each area of the Core go live and testing was discussed in a go/no go meeting. The project board approved go live. The monthly review of system access has been set up by the payroll team. This is reviewed each month. The process flow and associated controls have not yet been set up for employee self-service, this will ready in February 2017.

Not Implemented

#	Review	Agreed Action	Original due date	Revised due date	Risk rating	Status
11	HR System Transformation	Lessons Learnt The Implementation team will create a lessons learned log that can be contributed to by all members of the team to identify errors and prevent them being repeated.	31/10/2016	28/02/2017	● Medium	This has not yet been prepared. Once the new project manager is in place, the lessons learned log will be implemented.

Appendix A: Follow up (7 of 7)

Not Implemented

#	Review	Agreed Action	Original due date	Revised due date	Risk rating	Status
12	HR System Transformation	<p>Business Continuity</p> <p>We will formalise the business continuity plan in an official document available to all those involved in the process, so that it can be implemented without key members of the team being available.</p>	31/10/2016	31/03/2017	● Low	This would not be a contingency plan as LSBU would no longer revert to using the Oracle system. Instead this would be a document/agreement on how ICT support the system. HR and Payroll will meet with ICT to update the ICT iTrent support agreement.
	Data Security	<p>Physical Security</p> <p>We are currently going through a datacentre move, in which we have some assets moving to the datacentre in Keyworth, as well as moving some assets from physical machines to virtual. As part of that project's closure, we will review and reconcile the IT Asset register.</p>	31/01/2017	28/02/2017	● Low	The review and reconciliation of the IT Asset register has not yet taken place due to a series of power failures in Keyworth.

Appendix B: Recent publications and thought leadership

HEFCE report: Financial health of the higher education sector

HEFCE released a report in November 2016 which reviewed the health of the HEFCE-funded higher education sector in England. The analysis covers the financial forecasts for the period 2015-16 to 2018-19, based on information submitted by higher education institutions to HEFCE in July 2016. The full report can be downloaded from the HEFCE website: <http://www.hefce.ac.uk/funding/finhealth/>.

They key themes identified by HEFCE are:

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1. The latest forecasts, for the period 2015-16 to 2018-19, show a widening gap between the lowest- and highest-performing institutions and increasing volatility of forecasts in the sector.
 2. Sector surpluses are projected to be between 2.3 per cent and 4.3 per cent of total income in the forecast period; these are relatively small margins in which to operate. However, at institutional level, these range from a deficit of 28.6 per cent to a surplus of 21.5 per cent in 2017-18, equivalent to a range of 50.1 per cent (compared with 30.4 per cent in 2014-15).
 3. The trend of falling liquidity (cash) and increasing sector borrowing continues in this forecast period. Borrowing levels are expected to exceed liquidity levels in all forecast years, by £49 million at 31 July 2016, increasing to £3.9 billion at 31 July 2019. This trend of increasing borrowing and reducing liquidity is unsustainable in the long term.
 4. The sector is projecting fee income from non-EU students to rise from £3.7 billion in 2015-16 to £4.8 billion in 2018-19 (equivalent to 14.9 per cent of total income). Increasing competition from other countries and proposed changes to student immigration rules suggest these projections may be difficult to achieve. This would have a significant adverse impact on the sector's financial projections. However, the weaker pound may assist the recruitment of overseas students.
 5. The sector is projecting high levels of growth in numbers of total home and EU students (10.3 per cent over the forecast period). This level of growth may be a challenge given the decline in the 18 year-old English population, uncertainties over the impacts of Brexit and increases in alternatives to undergraduate courses, such as degree apprenticeships.
 6. Significant increases in capital investment are projected. At over £17.8 billion, this represents an average annual investment of £4.5 billion (2015-16 to 2018-19), 51 per cent higher than the previous four-year average. Despite this, nearly a quarter of HEIs in the sector are planning to reduce capital expenditure over the forecast period.
 7. Investment in infrastructure is particularly important given that, in July 2015, the sector estimated that it still needed to invest £3.6 billion into its non-residential estate to upgrade it to a sound baseline condition.
 8. The uncertainties faced by the sector as a result of the UK's decision to leave the EU, coinciding with increasing competition in the global HE market, will lead to a greater focus from investors on the underlying financial strength of HEIs. Consequently, any fall in confidence levels could restrict the availability of finance in the sector and put significant elements of the investment programme at risk. Falling confidence levels are also likely to lead to a rise in the cost of borrowing.
 9. Aside from the challenges associated with income generation, the sector will face inflationary pressures on costs, particularly staff costs, operating costs and capital investment costs.
 10. Pension liabilities are expected to increase from £4.9 billion at 31 July 15 to £7.2 billion at 31 July 2016; an increase of 45.8 per cent. This is due to FRS102 which requires liabilities relating to the deficit recovery plans for multi-employer pension schemes to be reflected in institutional balance sheets. However, the latest estimated valuation of the sector's largest pension scheme, the Universities Superannuation Scheme (USS), indicates a significant worsening of the deficit, implying further increases in liabilities are likely.

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Managing Risk in Higher Education

Higher Education Sector Risk Profile - 2017

Education Risk
Assurance Services

1) Introduction and scope

Introduction

The education sector continues to experience an increasing level of change in the context of a dynamic political and economic climate. Significant challenges remain around continued student demand uncertainty, significant investment and change programmes, and the impacts of increased government policy and regulatory change.

Effective risk management and governing body level reporting is more important than ever to provide assurance to the governing body over the changing risk profile. Furthermore we are seeing institutions move to a more enterprise-wide approach for risk management and institutional resilience.

This paper seeks to present the findings of our benchmarking study of 36 higher education institutions (2016: 34). It outlines what their significant risks were and how those risks were being managed.

It also highlights developments and trends in risk management practice across the sector, and what we can learn from developments in the commercial sector and beyond. Last year we commented on risk management developments stemming largely from the developments in the UK Corporate Governance Code. In this paper we highlight the development of risk management to a broader concept of sustainability and business resilience.

Our sample and scope

We have reviewed Institutional level risk registers from a variety of different types of Institution which can be broken down as follows:

Type of Institution	Number	Percentage
Russell Group	10	28%
Higher Education - Other	26	72%
TOTAL	36	100%

The detailed findings from our review are set out in the next section of this paper. We have highlighted a number of different features of the risk registers of the institutions sampled, and what stood out as being best practice in each of those areas.

The diagram in section three summarises the profile of risks for the sector based on our sample of risk registers analysed, showing average risk likelihood and impact assessments.

As we have undertaken this analysis for a number of years now, we summarise the top five risk themes in each year to provide a multi-year view on how they have evolved.

	2013	2014	2015	2016	2017
1	International student recruitment	Student recruitment	Student recruitment	Student recruitment and financial sustainability	Government policy and political landscape
2	Undergraduate student recruitment	Research funding and quality	Research funding and quality	Government policy, public funding and sector reform	Brexit
3	Financial performance	Pension deficits and affordability	Funding body grant reductions	Investment in IT, cyber security, data and management information	Financial sustainability
4	External inspections (e.g. QAA, HEFCE)	Tuition fee pricing	Government policy and political landscape	Significant investment and transformational change programmes	Student recruitment
5	Research funding and quality	Information systems and technology	Pension deficits and affordability	Research funding and quality	Organisational change and transformation programmes

Based on the significance of these risk areas to institutions, Audit Committee attention is crucial in helping mitigate the risks and ensure appropriate assurance is received.

2) *Commentary on the pattern of risk*

We have undertaken this analysis for a number of years now, and our observations on this year's risk themes and comparisons with previous years are summarised below. There are a number of significant and immediate issues in the broader economic and political environment, but there are a series of emerging trends which will continue long after.

- 1) **Government policy and political landscape** – This remains a significant risk for many, and includes issues associated with the government's 2016 White Paper¹ and forthcoming HE Bill², the overall design of the HE regulatory framework, higher apprenticeships, funding decisions around health and teacher education, and potential shifts in the government's economic policy.

In the last year the Government has introduced the TEF which is intended to reward higher quality learning and teaching. Some institutions are looking into the differences between their potential TEF outcomes and league table positions and how that can be managed. This risk theme also is driven by the link between TEF and the ability of institutions to inflate their tuition fees which will have a financial impact.

- 2) **Brexit** – The 2016 EU referendum outcome has been the subject of significant focus since the results were announced. The UK higher education sector is impacted in many ways, whether through recruitment of EU students and staff, income associated with EU-funded research projects, or the general economic impacts associated with such a significant political and economic change. Institutions' assessment of this risk largely centres on student recruitment, research funding and general economic uncertainty, although a broader approach to managing this risk will better prepare institutions for the impacts regardless of how the matter plays out.

- 3) **Financial sustainability** – Over the last year institutions have generally increased their assessment regarding this risk, though a more prominent theme around pensions has emerged. The risks within this category range from the impact of student demand patterns and pension deficits which we have seen categorised more as separate risks, to income generation and profitability-related risks. The general sustainability risk in our view is linked to cost inflation, rising pay and pension costs, contrasting with the cap on undergraduate tuition fees which has remained at £9,000³ since its introduction in 2012/13.

Institutions have increased their assessment of risks around pensions which is largely linked to USS pension liabilities coming on balance sheet as well as revaluations in the USS scheme. Local government pension schemes have also experienced increases in net liabilities due to general economic factors and the EU referendum outcome.

- 4) **Student recruitment** – This has been the main risk for the last few years and is still relatively significant, but institutions better understand it and have become more comfortable with how they manage it on a day to day basis. Recruitment of international students, both within the EU and beyond, remains a concern for institutions, though the extent of this does vary significantly between institutions.
- 5) **Organisational change and transformation programmes** – In the last few years this risk has increased in prominence and has done again over the last year. These programmes vary and include organisational structure and reporting lines, curriculum development, IT and corporate systems, and broader estates programmes. These change programmes are increasingly being reflected as stand-alone risks given their scale, importance to delivering strategies, and interdependencies with many areas of the institution. Getting assurance over these change programmes is an important part of managing risk.
- 6) **Staff engagement and organisational culture** – Over the last year institutions' scoring of this has reduced in terms of potential impact, but likelihood of issues has become more probable. The link between staff engagement and the satisfaction of students is increasingly recognised. Whilst many

¹ Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice

² The Higher Education and Research Bill

³ Rising to £9,250 for 2017 entrants to undergraduate study

institutions are scrutinising the impact of academic staff research and teaching, there is an important balance with maintaining engagement and a positive organisational culture.

The extent of change and transformation programmes at Universities means for many, organisational culture is being recognised as a key area for management focus.

7) Investment in estates and capital strategy – Institutions’ assessment of this risk theme is consistent with the previous year. Governing bodies and their subcommittees however are seeking increasing levels of information to enable them to provide more robust oversight of these schemes, as well as seeking assurances, whether from management or external sources, regarding the progress on individual schemes and programmes.

8) Technology – There are two elements to this theme, being information and cyber security, and IT resilience. Whilst IT security has long been an area of concern, the broader risks around information and cyber security have moved up the agenda of governing bodies. Institutions recognise the importance of overarching cyber security frameworks and technical solutions for defences, particularly with the cyber-attack on the Janet network raising the profile of cyber security. However we have seen from our ‘bottom up’ testing of control effectiveness of cyber security control frameworks that further work is needed for many.

The new General Data Protection Regulation (“GDPR”) which will apply from May 2018 has raised the bar in terms of requirements, and also a maximum fine of 4% of total revenue for non-compliance. This is a relatively new area of legal and regulatory compliance for institutions, and as such will need proper consideration.

Over the last year we have seen institutions investing in IT resilience, although some require further investment. However, the debate around broader business continuity and crisis management arrangements remains a key consideration for many, highlighting the importance of good business continuity arrangements, and them being embedded.

9) Management information and data quality – The extent of data returns and information available to HE institutions is well known. There is also speculation that the volume and frequency of data returns could also increase in the next few years. Leading institutions have set up dedicated management information and business intelligence functions, have automated data processes where possible, and are looking in to predictive analytics. In general across the sector there is scope for significant improvement in using this information for more informed decision making and competitive advantage.

Our 2016 survey of Universities on use of data and MI highlighted a generally developing maturity in this area. Only 41% use visualisation tools for reporting, and 57% of those surveyed were not fully aware of the controls and assurances to ensure accuracy of the underlying data on which they rely. It also highlighted 95% of those surveyed relying significantly on manual processes to generate management information and reports.

10) Legislation and regulatory compliance – The sector over the last five years has seen a significant increase in the legal and regulatory compliance burden. Of note in the last year has been the increased prominence of compliance with CMA legislation, the Prevent duty, as well as HEFCE’s revised operating model for quality assessment (HEFCE 2016/03) which is applicable from 2017-18.

3) Higher education sector risk profile

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4) Developments in risk management and business resilience

There is an increased level of uncertainty and risk in the higher education sector than in the past. As such institutions need to ensure they are sustainable but also develop resilience to the ongoing changes in the sector risk profile and external environment.

In our 2016 publication we set out a number of developments in this area, largely linked to the UK Corporate Governance Code. These included the need for a risk appetite statement, having robust management information, risk cascading up and down the institution and the increased importance of assurance frameworks and maps.

We have observed the debate around risk management with some Universities evolving to a broader enterprise risk management and resilience approach. Drawing a parallel with the commercial and broader public sectors, during 2016 we carried out a survey⁴ to seek views around enterprise resilience.

We posed 20 questions about perceptions of resilience, which were intended to provide insight into a number of areas, including any differences between operational and strategic views and approaches. We also spoke with non-executive directors from a range of backgrounds, and listened to their thoughts, concerns and priorities around the resilience of the organisations for which they are responsible. The key findings of our survey are as follows:

- 1) The Executive team take a strategic approach to resilience but the management information they get tends to be operationally focussed.** When we asked respondents to talk about their own definitions of resilience, those in more operational roles focussed on the ability to deal with shocks and unforeseen events, referencing key enablers as business continuity, incident management and security.
- 2) More resilient organisations evolve to remain relevant and viable.** The majority of respondents recognised the need to adapt and change to survive and thrive over longer timescales, a trend consistent with the higher education sector. Remaining relevant to consumers and understanding how technological advances change the dynamics of the sector are key.
- 3) The culture of an organisation is critical to resilience.** While respondents agree that Risk Management, Business Continuity Management (BCM), IT Disaster Recovery and security are major contributors to resilience, they also believe that reputation and organisational culture play a vital role.
- 4) Joined-up thinking and actions will deliver resilience.** More than 90% believed that resilience is greater when functions such as risk management, business continuity, IT and security are joined up. However, just 37% felt these functions are appropriately joined up in their own organisations, and more than two thirds felt decision making was not always informed and joined-up across their organisation.

Organisational sustainability and resilience is broader than surviving individual disruptions and managing a portfolio of risks. It is about continually evolving in a dynamic and complex risk environment, being foresighted on current and emerging risks and developments and being sufficiently agile to deal with them quickly. It requires a more strategic approach to change management to ensure the institution can gain competitive advantage over others. In our view this is why the debate is moving on from risk management to institutional resilience.

Barriers to resilience?

Only 5% cited cost as a barrier



Other responses included:

"Poor availability of information and measurable attributes to determine levels of resilience."

"Organisational size and inertia among middle management."

"People, and ongoing change processes and reducing budgets."

"Organisational structure, flawed incentives, and a lack of courage/leadership to implement the necessary reforms."

"Denial, complacency."

⁴ The full report can be found on our website at <http://www.pwc.co.uk/services/audit-assurance/business-continuity-management/enterprise-resilience--a-business-imperative-for-an-era-of-chang.html>

Appendix A – Risk themes and subcategories

Below we summarise some of the anonymised risks included on institutional risk registers to give some context for the individual risks within risk themes. This is not an exhaustive list, and is included for illustrative purposes.

Risk theme	Subcategories of risk
Government policy / political landscape	<ul style="list-style-type: none"> • Changes to interest rates, inflation rates and exchange rates • Government policy/legislative developments impact on the University's structures and processes resulting in a loss of competitive position relative to international/UK peer institutions • Impact of Higher Apprenticeship Degrees • Government changes from NHS commissioned health professions e.g. nursing and midwifery • Significant loss of business resulting from change in Health Education England commissioning policy • Major change in government funding and policy • Development of new arrangements for assessment and funding by HEFCE
Teaching Excellence Framework	<ul style="list-style-type: none"> • Failure to achieve high standing in the TEF. • Failure to maintain academic quality and inconsistency with TEF outcome • Introduction of TEF gold, silver, bronze ranking • Academic and financial difficulties created by the Teaching Excellence Framework (TEF) • Implementation of the Higher Education Bill, with the TEF and UKRI, may lead to different forms of delivery of QR and RCUK funding and difficult consideration about home undergraduate fees. • Failure to address rising costs has an adverse impact on the University's academic excellence, reputation • Low TEF categorisation • The University's performance within the emerging Teaching Excellence Framework (TEF) may have financial and reputational implications • Failure to maximise future TEF performance • Student experience: as measured (for example) by NSS, PTES, PRES, TEF and other similar surveys with particular reference to the introduction of TEF and the changes to the questions in NSS. • Teaching quality and standards across all provision not maintained or does not meet external quality assessment criteria (e.g.: HEFCE)
Brexit	<ul style="list-style-type: none"> • Impact of Brexit on student and staff recruitment, student exchanges, research funding, University's international profile, and willingness of international institutions to collaborate with us • Loss of EU students and research funding • The consequences of leaving the EU and multiple proposed reforms and changes to HE regulation at different levels pose risks to the University's future autonomy and funding. • Potential changes in UK relationship with the EU create uncertainty impacting partner, student & funder relationships and competitiveness relative to international peers. • Adverse changes in government policy and regulatory environment (Brexit) • Uncertainty relating to post EU referendum (Brexit) • Brexit implementation impacts staff and student recruitment/retention and research and ERDF income
Organisational change	<ul style="list-style-type: none"> • Inadequate implementation of major internal projects both individually and as a combined programme of activity leads to a failure to implement change effectively • Failure to manage overall Capital Programme effectively and with overall affordability constraints. Failure to realise the vision due to poor change management. • Failure to understand and respond to the consequences of the changing external environment affects University performance and institutional sustainability • Failure to implement overarching information strategy • Failure to effectively deliver the University Transformation and Change Programme and associated activities • Risks of failure to implement the new student records system on time, to budget, and to realise the intended benefits.

Risk theme	Subcategories of risk
Information and cyber security	<ul style="list-style-type: none"> • Failure to properly secure the University's IT infrastructure leading to: <ul style="list-style-type: none"> - major data leaks/breach - significant cyber-attacks • Cyber-attack or other event that compromises systems and data to a catastrophic extent • Failure to maintain sufficient cyber and information security impacts negatively on institutional reputation, has adverse financial implications and a detrimental impact on learning • Information security - systems are compromised or fail to deliver services
IT resilience and business continuity	<ul style="list-style-type: none"> • Failure to maintain adequate controls to manage and mitigate risk to information and information systems • Loss of significant estate or IT facility that is business critical • Major terrorism incident in the area • Poor resilience/protection of key University assets that might be affected by power failures; deleterious effect on productivity, research, health and safety • Major incident causes closure of building or parts of estate (terrorism, fire, flood). • Maintenance failure causes part of the estate to become inoperable.
Financial sustainability	<ul style="list-style-type: none"> • Achieving academic and financial sustainability, including in particular delivering, on time and to target, ambitious returns on academic and capital investments. • The institution is unable to offset increases in costs with sufficient revenue growth to keep up with better funded competitors, further loss of public funding, and spiralling costs (e.g. pensions). • Lack of liquidity due to cash flow shortfalls or investment counterparty default. Failure to achieve financial sustainability. • Failure to generate sufficient surplus to meet commitments and fulfil ambitions as expressed in the University Strategy. • University is unable to reach target EBITDA • The university's employability rates decline due to economic conditions
Pensions	<ul style="list-style-type: none"> • Inability to meet pension commitments. • Pension provision generating unaffordable liabilities. • Impact on the institution of pension provision. • If we do not manage the auto-enrolment process for employee pensions appropriately, then we may fail to meet the Legislative requirements for Pension Regulators and/or Schemes which may incur financial penalties • USS pension scheme – funding the recovery plan • Sustainable management of pay and pension costs becomes incompatible with remaining competitive against globally significant competitors
Investment in IT	<ul style="list-style-type: none"> • Insufficient IT investment and capacity and skills to enable strategic IT developments. • Insufficient investment in and weak coordination of ICT infrastructure and systems development results in services failing to provide the functionality needed by a leading global university • Failure to provide high quality processes and secure information systems affects our ability to deliver a high quality student experience
Data and management information	<ul style="list-style-type: none"> • Poor Quality Management Information or business processes • Data provision / management information does not facilitate effective decision making • Business systems and management information - may not be fit for purpose or up to date. • Failure to provide accurate and complete operational/student management information
Graduate employability	<ul style="list-style-type: none"> • Failure to prepare students adequately to secure graduate level employment in an increasingly competitive jobs market • Curriculum / Failure to deliver learner programme • Employability impacts on ability to recruit students • "Ability to develop attractive new programmes - both undergraduate and postgraduate • Failure to process and approve high quality programmes" • Failure to deliver academic teach out programme • Risk to our students' employability prospects if we fail to articulate the essential qualities and characteristics of our graduates, provide the means to enable students to acquire them, and promote the concept to employers. • Ensuring every student takes part in career enhancing activities such as placements, exchanges, enterprise, volunteering or work-based learning • Graduates inadequately prepared for further study or graduate employment and/or relationships with key graduate employers insufficient

Risk theme	Subcategories of risk
International strategy and compliance	<ul style="list-style-type: none"> • Failure to develop an international strategy and profile, to underpin delivery of planned growth in international student numbers • Failure to recruit, retain and reward the best academic, academic-related and administrative staff, due to uncompetitive environment, reward and workloads, the cost of living, and the impact of Brexit • Loss of income through declining markets and Home Office likely constraints • Consequences of Brexit will make it more difficult to recruit students from the EU. • International activity/tax and compliance risk overseas • The university's international student numbers and revenues decline due to the dual effects of tougher international competition and the UKVI regime • Failure to ensure that international collaborative partnership arrangements (including international agents) are robust
Student experience	<ul style="list-style-type: none"> • NSS student satisfaction and assessment and feedback KPI unlikely to be met • Failure to deliver a high quality student experience. • Failure to provide a high quality student experience impacts on reputation, recruitment and retention • Failure to meet student expectations and loss of income • Failure to provide high quality and relevant teaching programmes. • Failure to provide high quality support for students • Risk to the student learning experience if we fail to provide an exceptional standard of teaching, environment (teaching and learning spaces, social spaces, facilities and resources), and support processes
Staff engagement and performance	<ul style="list-style-type: none"> • Failure to develop the workforce and its culture in line with University needs • Failure to embed a high performance culture. • Failure to develop leadership capability in academic and professional service staff • Failure to develop staff skills and resources to full potential, including those necessary for effective management, leadership, and succession. • Failure to effectively manage transformational change, results in disengaged staff, • Failure to manage and develop staff effectively • Proportion of time our academics have for academic activities • Ability to meet the proposed staff survey indicators for effective communication, staff feeling valued and the University being a good place to work
Governance and leadership quality	<ul style="list-style-type: none"> • Failure to appropriately manage Exec Board succession planning matters and/or loss of key senior leadership • Providing an integrated approach to enterprise which promotes creativity, innovation, enterprise • The institution's complex management and governance structures and processes fail to promote, and actively impede, the innovation and growth required for longer term financial stability. • Reputation risk arising from poor governance of international collaborations • Failure to develop, approve, communicate and embed the University's strategy and to measure progress against its strategic objectives. • Insufficient capability or capacity and inadequate management of work priorities leads to failure to effectively implement strategic developments and projects to maintain competitive position



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	CONFIDENTIAL
Paper title:	Student data continuous audit
Board/Committee	Audit Committee
Date of meeting:	9 th February 2017
Author:	PriceWaterhouse Coopers
Executive/Operations sponsor:	Richard Flatman - CFO
Purpose:	To provide Committee with the results of this continuous audit review into the controls and checks relating to the enrolment and monitoring of students at LSBU.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	This report relates to the reputation and compliance risk types expressed within the Risk Appetite, and relates to the management of student enrolment records.
Recommendation:	Committee is requested to note: <ul style="list-style-type: none"> • the report and its findings

Executive Summary

This 16/17 continuous audit report is classified as medium risk, due to the number of exceptions increasing slightly from the previous report (*pages 7 – 11*) and has found 2 low risk control design findings (*pages 12-13*).

The key controls were restructured for this review, and the university has recently moved from an attendance monitoring policy to one of engagement for the majority of students outside of tier 4.

- The Committee is requested to note the report.

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Internal Audit Report 2016/2017

Continuous Auditing: Student Data 2016/17

London South Bank
University

Final

January 2017

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Executive summary

1



Background and scope

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Findings

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Appendices

- A. Basis of our classifications
- B. Terms of reference
- C. Limitations and responsibilities

Distribution list

For action: Ralph Sanders (Director of Planning, Information & Reporting)
 Dave Lewis (Software Development Team Leader)
 Sheila Patel (Applications Support and Maintenance Team Leader)
 Lisa Upton (Senior Assistant Registrar)
 Nuria Prades (Senior International Officer – UK and non-EU Europe)
 Neil Gillett (Immigration and International Student Advice Manager)
 Alan Butt (Student Engagement Team Leader)

For information: Richard Flatman (Chief Financial Officer)
 John Baker (Corporate and Business Planning Manager)
 Jenny Laws (Head of Registry)
 Jamie Jones (Head of Student Administration)
 Andrew Ratajczak (Manager: Fees, Bursaries and Central Enrolment)
 Natalie Ferer (Financial Controller)
 Audit Committee



Executive summary



System Summaries

The table below summarises the overall performance rating for student data this period. This is based on the number and severity of findings identified each period. Our rating criteria are set out at Appendix A. Note that there have been changes to controls tested since 2015/16, as such prior year performance has not been reported for new or amended controls.

Control	P1 16/17 Effectiveness	P1 16/17 Control design	P2 15/16 Effectiveness	P2 15/16 Control Design	Trend
S1	4	1	6	-	↑
S2	5	-	N/a	N/a	N/a
S3	4	-	N/a	N/a	N/a
S4	4	1	5	-	↑
S5	5	-	3	-	↓
S6	9	-	-	-	↓
S7	1	-	2	-	↑
S8	1	-	5	-	↑
S9	N/A	-	-	-	↓
S10	-	-	1	-	↑
S11	3	-	-	-	↓
Total	36	2	22	-	↓

System Classification

Medium Risk



Excluding the two new controls for this cycle, the overall trend shows a slight decline in performance from the previous period: 22 operating effectiveness exceptions were identified in Period 2 2015/16; this has increased to 27 exceptions this period. Nine operating effectiveness exceptions were also identified across the two new controls, S2 and S3. Two control design exceptions were also identified.

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. Performance appears to have improved this period.

Details of exceptions identified and CAATS work is summarised in the 'Findings' section.

Background and scope



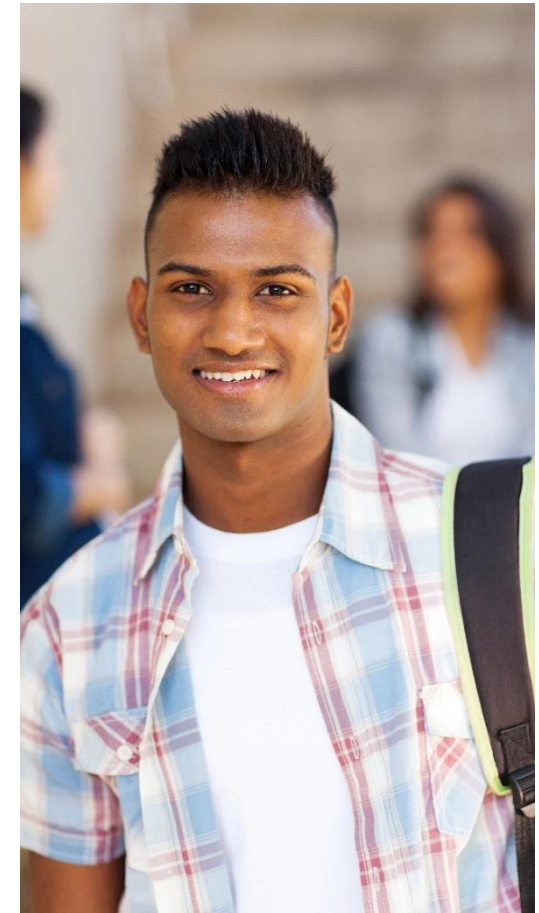
Background

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 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 2016/17 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 B. 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).

A summary of our findings and the matters arising in the course of our work this period is set out in the Executive Summary. Our detailed findings are set out in the Findings section, commencing on page 5.



Detailed Findings (1 of 7)



	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S1	<p>Following a student record being created in QLS at the application stage, appropriate checks are performed prior to fully enrolled ('EFE') status. These checks include:</p> <ul style="list-style-type: none"> •A full ID check •Criminal conviction check (self-declaration by students) •Entry criteria have been met 	<p>4</p>	<p>4/25 exceptions noted.</p> <ul style="list-style-type: none"> • For 1/25 students, no evidence could be provided to verify that a full ID check, criminal conviction check and qualification check had been completed. • 2/25 student starter records did not have the criminal convictions declaration section completed. • For 1/25 students, the criminal conviction check was completed after their EFE status was confirmed. 	<p>Management response:</p> <p>We will continue to look at processes to strengthen the gathering of this information at enrolment as we move to more centralised enrolment.</p> <p>Responsibility for action:</p> <p>Jenny Laws (Head of Registry)</p>

Detailed Findings (2 of 7)



	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S2	Supporting documentation is obtained and retained to ensure Tier 4 requirements are met.	5	<p>5/25 exceptions noted.</p> <ul style="list-style-type: none"> 2/25 student records did not have an attendance report for the student. 2/25 student records were missing relevant pages from the Biometric Residence Permit. 1/25 student records did not contain evidence of the student's qualifications for undertaking their course. 	<p>Management response:</p> <ul style="list-style-type: none"> This was raised with the Tier 4 Attendance monitoring team. Attendance records for these two students are kept in an alternative format which is held specifically by this team. This will be made available for future audits. This was investigated with Registry and a problem with transferring files to the correct folder was identified. This has now been fixed. This was raised with the International Admissions team and the file was kept in a different folder which was later found. In future the team will ensure that the files are moved to the correct location. <p>Responsibility for action:</p> <p>Neil Gillet (Immigration and International Student Advice Manager)</p>

Detailed Findings (3 of 7)



	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S3	<p>Student Engagement</p> <p>Applies to all Schools (other than Health & Social Care and students with Tier 4 visas).</p> <p>Engagement data is captured in the Student Point of Contact (SPOC) report. The following indications of engagement are monitored:</p> <ul style="list-style-type: none"> •Entry onto campus. •Moodle use. •Attendance at teaching sessions. •Submission of assessment •MyLSBUuse. <p>Students failing to meet the minimum thresholds for engagement are investigated.</p>	<p>4</p>	<p>4/25 exceptions noted.</p> <p>The "LSBU Student Engagement Procedure – 2016/17" states that an email should be sent to students who appear in the engagement exceptions report. If engagement does not improve, the next step is that a second email or letter should be issued to the student within one week of the initial email.</p> <p>For 4/25 students, the second form of correspondence was not sent within one week of the initial email due to staff absence. This has been noted as an exception due to timeliness.</p>	<p>Management response:</p> <p>We will ensure that our procedure for members of the team picking up work when others are on sick leave is tightened to ensure that all e-mails/letters are actioned within the timelines set out in the procedure.</p> <p>Responsibility for action:</p> <p>Alan Butt (Student Engagement Team Leader)</p>

Detailed Findings (4 of 7)



	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S4	<p>Student Attendance</p> <p>Applies to School of Health & Social Care and students with Tier 4 visas.</p> <p>Attendance reports from the Student Attendance Monitoring system (SAM) are generated by the School of Health & Social Care and for students with Tier 4 visas to identify periods of non-attendance. Students failing to meet the minimum attendance thresholds are investigated.</p>	4	<p>4/25 exceptions noted.</p> <p>The "2016-17 Attendance Monitoring Procedure" states that an email should be sent to students who appear in the attendance exceptions report. If engagement does not improve, the next step is that a second email or letter should be issued to the student within one week of the initial email.</p> <p>For 4/25 students, the second form of correspondence was not sent within one week of the initial email due to staff absence. This has been noted as an exception due to timeliness.</p>	<p>Management response:</p> <p>We will ensure that our procedure for members of the team picking up work when others are on sick leave is tightened to ensure that all e-mails/letters are actioned within the timelines set out in the procedure.</p> <p>Responsibility for action:</p> <p>Alan Butt (Student Engagement Team Leader)</p>
S5	<p>Supporting evidence is obtained prior to processing any course changes or withdrawals.</p>	5	<p>5/25 exceptions noted.</p> <ul style="list-style-type: none"> In 2/25 cases, a change in course form could not be provided. For 1/2 instances, there was no evidence of the change on QLS. 1/25 change in course form was not signed by the student. 2/25 change in course forms were not signed by a Faculty staff member. 	<p>Management response:</p> <p>A new, more thorough, course change process was introduced in the summer, this process will be reviewed to see where improvements are required.</p> <p>Responsibility for action:</p> <p>Jenny Laws (Head of Registry)</p>

Detailed Findings (5 of 7)



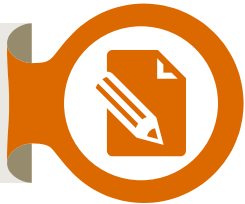
	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S6	<p>Supporting documentation is retained for all change of circumstances. Changes of circumstances are processed on a timely basis.</p> <p>This testing is restricted to the testing of withdrawals.</p>	9	<p>9/25 exceptions noted.</p> <ul style="list-style-type: none"> For 3/25 withdrawals, there is no evidence that the student was notified of the withdrawal. 1/25 withdrawal records had been updated before the student had been notified of the withdrawal. For 5/25 withdrawals tested, the system was not updated in a timely manner (based on a two week target from the date that the withdrawal letter/form was completed). 4/5 withdrawals were processed within 20 days, 1/5 took 45 days for the withdrawal to be processed. 	<p>Management response:</p> <p>As for S3 and S4, we will ensure that our procedure for members of the team picking up work when others are on sick leave is tightened to ensure that all e-mails/letters are actioned within the timelines set out in the procedure. 9 exceptions will be examined in detail.</p> <p>Responsibility for action:</p> <p>Jenny Laws (Head of Registry)</p>
S7	<p>Exception reports are run to identify changes made to student module data and are investigated.</p>	1	<p>1/1 exception noted.</p> <p>The exception report for October 2016 was not discussed at a subsequent meeting and there was no evidence of any actions that were decided in relation to the report.</p>	<p>Management response:</p> <p>A new process has been introduced for checking module registrations. The reports are no longer discussed at meeting but data is reviewed electronically.</p> <p>Responsibility for action:</p> <p>Jenny Laws (Head of Registry)</p>

Detailed Findings (6 of 7)



	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S8	Evidence is retained to support any changes.	1	In 1/25 instances, the module data had not been corrected on the system at the time of testing.	<p>Management response:</p> <p>The new process now established will be devolved to another member of staff enabling more rigorous checking of the data. Responsibility for action:</p> <p>Jenny Laws (Head of Registry)</p>
S9	Non-conformance reports (NCRs) are generated and investigated.	N/A	No NCR reports were produced during the testing period.	
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	No exceptions noted.	

Detailed Findings (7 of 7)



	Key Control	Exceptions P1 2016/17*	Details on exceptions	Management Comment
S11	Leavers are removed from the system on a timely basis.	3	3/5 leavers were not removed from the QLS system in a timely manner. We would expect the removal to be processed within one week of the employee's departure. For these 3 leavers it took between 20 and 40 days for them to be taken off the QLS system.	<p>Management response:</p> <p>We are in the process of setting up a new report on leavers to be received fortnightly from HR. It will be difficult for us to meet an aim to remove users from QLS within a week of departure.</p> <p>Responsibility for action:</p> <p>Jenny Laws (Head of Registry)</p>

** 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.*

Criminal Conviction Checks (S1)

Control design

1

Page 68

Finding rating

Rating

Low risk

Findings

A number of methods are used to verify that a criminal conviction check has been completed, one of these is a UKPASS form. When a UKPASS form is used, students are required to disclose any relevant criminal convictions, or leave the box blank if there are none. We noted that when the UKPASS data is uploaded onto QLS the criminal conviction checkbox is left blank.

Implications

A blank checkbox could mean that either there are no convictions identified or the criminal conviction check was not completed. There is a risk that students may be admitted who do not meet the entry criteria.

Action plan

We will manually tick the criminal conviction checkbox in QLS to confirm that the check has been completed.

Responsible person/title:

Lisa Upton, Deputy Academic Registrar

Target date:

31/03/2017

Reference number:

1

Completeness of attendance records (S4)

Control design

2

Page 6 of 6

Finding rating

Rating

Low risk

Findings

In our testing of withdrawals in S6, we identified two students who had withdrawn from the University due to non-attendance. We could not find these students in the non-attendance report used for testing the non-attendance procedure in S4.

Implications

Data reported for management information, and the report used for our audit testing, is incomplete.

Action plan

We will reconcile the withdrawals report to the non-attendance report to mitigate the risk that students are omitted.

Responsible person/title:

Alan Butt, Student Engagement Team Leader

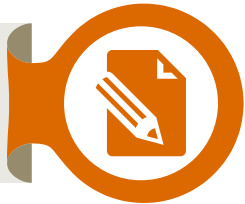
Target date:

31/03/2017

Reference number:

2

CAATs results (1 of 3)

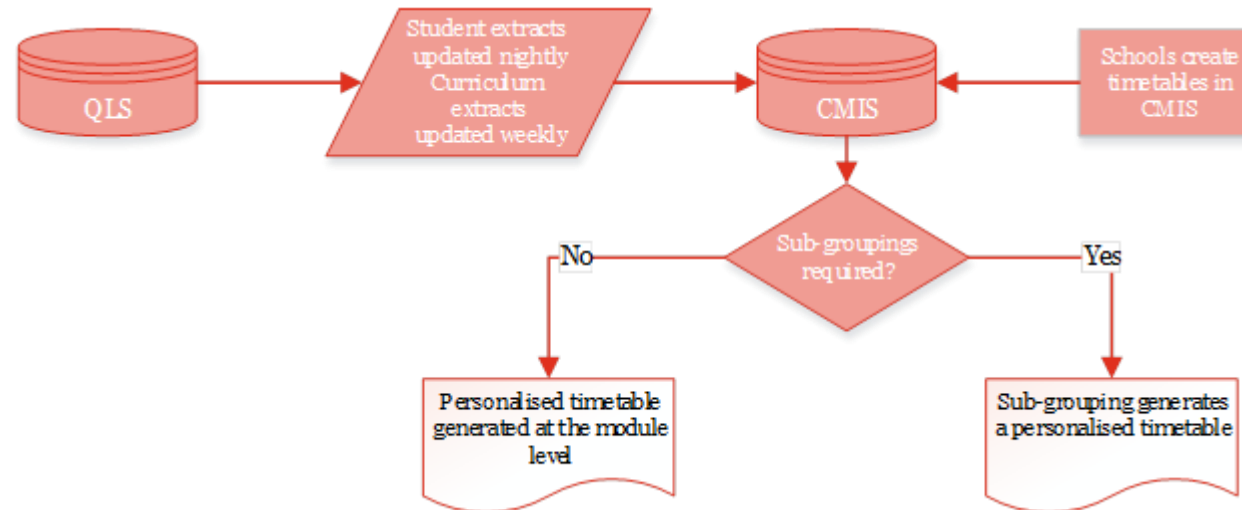


Background

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:



CAATs results (2 of 3)



Background

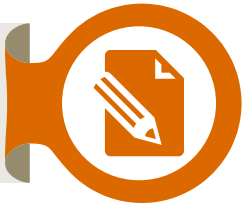
Management have highlighted that in some instances students do not have access to personalised timetables. This appears to be due to incorrect sub-groupings being logged on the system. We used data mining procedures to interrogate a sample of courses and modules to confirm that student timetabling data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

- Courses: 3016 Petroleum Engineering, 2384 Diagnostic Radiography, 4194 Drama & Performance, 2134 Chemical & Process Engineering and 191 Civil Engineering
- Modules: AME_5_CLP, BAF_5_FAA, EAB_S_972, EBB_4_020, LAW_4_FPL, with EAB_s_972 and LAW_4_FPL.

Tests performed

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 (the student record system).
3	We checked that for each module where timetable groupings exist (EAB_S_972 and LAW_4_FPL), the modules, the timetable groupings, and the QL module enrolment listings 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 enrolments.
6	We checked that, for each course, the students not recorded as fully enrolled in the course timetable are not in the QLS extract.

CAATs results (3 of 3)



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.

No exceptions were identified for test 1 or 2.

Test 3

We checked that for modules that have timetable groupings, the module and the timetable groupings contain the same students.

We found that there are two students who are in the module enrolments but not in the timetable grouping for that 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.

No exceptions were identified for test 4, 5 or 6.

Management response

There is no technical reason why two students have not been included in the timetable groupings, these two students both changed courses which means they may have missed the timetabling window. In this case all sessions now appear on the student timetable.



**Appendix A: Basis of our
classifications**

**Appendix B: Terms of
reference**

**Appendix C: Limitations
and responsibilities**




Appendices

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Appendix A: Basis of our classifications

System summary ratings

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

Critical

A finding that could have a:

- **Critical** impact on operational performance resulting in inability to continue core activities for more than two days; or
- **Critical** monetary or financial statement impact £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.

Appendix A: Basis of our classifications

High

A finding that could have a:

- **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 unfavourable national media coverage.

Medium

A finding that could have a:

- **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 unfavourable media coverage.

Low

A finding that could have a:

- **Minor** impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or
- **Minor** monetary or financial statement impact of £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 unfavourable 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 A: Basis of our
classifications](#)

[Appendix B: Terms of
reference](#)

[Appendix C: Limitations
and responsibilities](#)

Appendix B: Terms of reference

Continuous Auditing: Student Data 2016/17

To: Richard Flatman – Chief Financial Officer

From: Justin Martin – Head of Internal Audit

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Background and audit objectives (1 of 2)



This review is being undertaken as part of the 2016/2017 internal audit plan approved by the Audit Committee.

Background and audit objectives

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, our internal audit programme for 2016/17 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 provides management with an assessment of the operation of key controls on a regular basis throughout the year;
- Control weaknesses can 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 to update our understanding of the control framework in place. We will continue to refresh this knowledge throughout the year to ensure we focus upon the key risks facing London South Bank University (LSBU). 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.

Background and audit objectives (2 of 2)



Background and audit objectives

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
25	x	x	X	x	x

X = area of primary focus

x = possible area of secondary focus

Audit scope and approach (1 of 2)



Scope

The financial processes, key control objectives and key risk areas included within the scope of this review are:

Sub-process	Key Control Objectives	Key risks
Student Systems	Complete and accurate records of students and their activity are maintained.	<ul style="list-style-type: none"> 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 engagement or 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.

Audit scope and approach (2 of 2)



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.

Audit approach

We will undertake our testing twice a year, covering the following periods during 2016/17:

- Phase 1: April 2016 – October 2016
- Phase 2: November 2016 – March 2017



Internal audit team



Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	0207 212 4269 justin.f.martin@uk.pwc.com
Charlotte Bilsland	Engagement Senior Manager	07715 484 470 charlotte.bilsland@uk.pwc.com
Lucy Gresswell	Engagement Manager	07718 098 321 lucy.j.gresswell@uk.pwc.com
Janak Savjani	Continuous Auditing Supervisor	07802 660 974 janak.j.savjani@uk.pwc.com
Josh Thomas	Continuous Auditing Technician	joshua.thomas@uk.pwc.com
Friederike Murach-Ward	Data Assurance Supervisor	friederike.e.murach-ward@uk.pwc.com



Key contacts



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 Review draft report
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk	Review and approve final report
Andrew Ratajczak	Manager; Fees, Bursaries and Central Enrolment	ratajca@lsbu.ac.uk	Hold initial scoping meeting Review and meet to discuss issues arising and develop management responses and action plan
Neil Gillett	Immigration and International Student Advice Manager	neil.gillett@lsbu.ac.uk	
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

Key contacts

Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Jamie Jones	Head of Student Administration	jamie.jones@lsbu.ac.uk	Audit contact
Alan Butt	Student Engagement Team Leader	buttab@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

Timetable



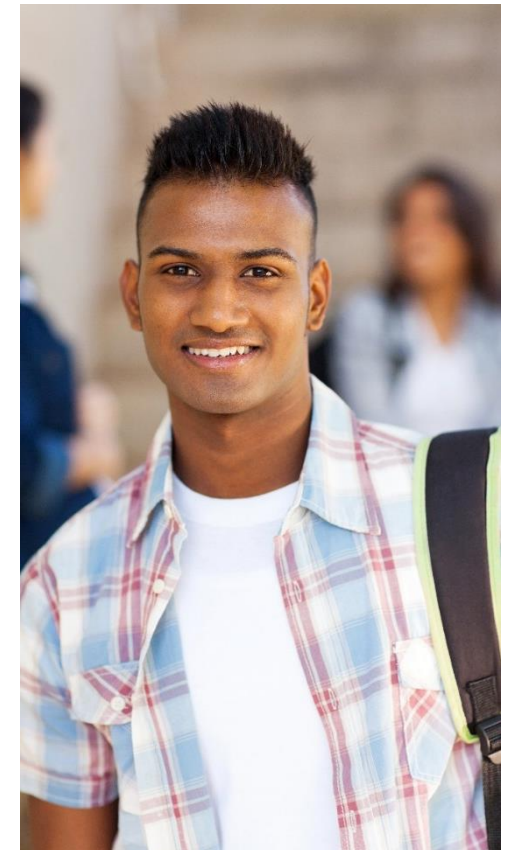
Timetable

	Phase 1	Phase 2
Fieldwork start	21/11/2016	10/04/2017
Fieldwork completed	02/12/2016	21/04/2017
Draft report to client	16/12/2016	05/05/2017
Response from client	06/01/2017	19/05/2017
Final report to client	13/01/2017	26/05/2017

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.

Please note that if the University requests the audit timing to be changed at short notice (2 weeks before fieldwork start) and the audit staff cannot be deployed to other client work, the University may still be charged for all/some of this time. PwC will make every effort to redeploy audit staff in such circumstances.



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. The deliverables required to complete testing of the controls is outlined in appendix 2.

Our testing will be applicable to all students, with the exception of Tier 4 controls which is only relevant to international students.

Enrolment

Key risk	Key Control	Reference
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.	<p>Following a student record being created in QLS at the application stage, appropriate checks are performed prior to fully enrolled ('EFE') status. These checks include:</p> <ul style="list-style-type: none"> • A full ID check • Criminal conviction check (self-declaration by students) • Entry criteria have been met <p>Key contact: Lisa Upton</p>	S1
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.	<p>Supporting documentation is obtained and retained to ensure Tier 4 requirements are met.</p> <p>Key contact: Neil Gillett and Nuria Prades</p>	S2

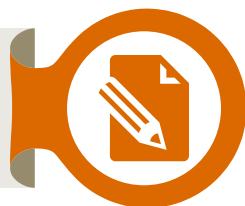
Appendix 1: Key controls schedule



Student Attendance Monitoring

Key risk	Key Control	Reference
Student engagement or attendance records are incorrect undermining the reliability of management information.	<p><u>Student Engagement</u></p> <p><i>Applies to all Schools (other than Health & Social Care and students with Tier 4 visas).</i></p> <p>Engagement data is captured in the Student Point of Contact (SPOC) report. The following indications of engagement are monitored:</p> <ul style="list-style-type: none"> • Entry onto campus. • Moodle use. • Attendance at teaching sessions. • Submission of assessment • MyLSBU use. <p>Students failing to meet the minimum thresholds for engagement are investigated.</p> <p>Key contact: Alan Butt, Student Engagement Team Leader</p>	S3
	<p><u>Student Attendance</u></p> <p><i>Applies to School of Health & Social Care and students with Tier 4 visas</i></p> <p>Attendance reports from the Student Attendance Monitoring system (SAM) are generated by the School of Health & Social Care to identify periods of non-attendance. Students failing to meet the minimum attendance thresholds are investigated.</p> <p>Key contact: Alan Butt, Student Engagement Team Leader</p>	S4

Appendix 1: Key controls schedule



Enrolment Amendments

Key risk	Key Control	Reference
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	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	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	S7
	Evidence is retained to support any changes. Key contact: Lisa Upton	S8
	Non-conformance reports (NCRs) are generated and investigated. Key contact: Lisa Upton	S9

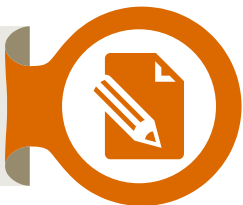
Appendix 1: Key controls schedule



System Access

Key risk	Key Control	Reference
Users have unauthorised access and can make inappropriate amendments to student records which could compromise the validity, accuracy and completeness of student data.	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	S10
	Leavers are removed from the system on a timely basis. Key contact: Lisa Upton	S11

Appendix 2: Computer Assisted Audit Techniques (CAATs)



Scope

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:

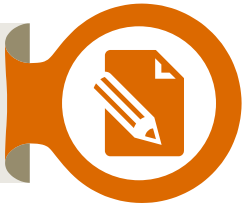
Five courses:

- 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

Appendix 2: Computer Assisted Audit Techniques (CAATs)



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 C: Limitations and responsibilities

Limitations inherent to the internal auditor’s work

We have undertaken this review 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 changes; 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 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.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 15 May 2015. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Memorandum of Assurance and Accountability between Higher Education Funding Council for England (HEFCE) and institutions. 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.

In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such [report]. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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CONFIDENTIAL	
Paper title:	Placements Report
Board/Committee	Audit Committee
Date of meeting:	9 th February 2017
Author:	PriceWaterhouse Coopers
Executive/Operations sponsor:	Shân Wareing – PVC (Education & Student Experience)
Purpose:	To provide Committee with the results of the review into the systems and processes relating to the management of student placement activity within LSBU.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	This report relates to the reputation and compliance risk types expressed within the Risk Appetite, and relates mainly to the student experience and employability goals within the Strategy.
Recommendation:	Committee is requested to note: <ul style="list-style-type: none"> • the report and its findings

Executive Summary

This 16/17 internal audit report is classified as medium risk, and has 4 medium, 2 low, and 1 advisory findings (*pages 7 – 14*).

These medium findings relate to the use of the InPLace software system and engagement of stakeholders, although the system was only introduced formally in this academic year, lack of completeness of pre-placement due diligence checks, and lack of consistency across Schools.

- The Committee is requested to note the report.

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Internal Audit Report 2016/2017

Placements

*London South Bank
University*

Final

January 2017

▶ Click to launch

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Appendices

- A. Basis of our classifications
- B. Terms of reference
- C. Limitations and responsibilities
- D. Best practice and insight

Distribution list

For action: Sukaina Jeraj (Head of Placements)
Shân Wareing (Pro Vice-Chancellor for Education and Student Experience)

For information: Sourav Dalal (Business Change Project Manager),
Valerie Tomlinson (Project Manager),
Richard Flatman (Chief Financial Officer),
John Baker (Corporate and Business Planning Manager)



Executive summary

Report classification

Medium Risk



Trend

N/A – we have not performed a review in this area before.

Total number of findings

	Critical	High	Medium	Low	Advisory
Control design	0	0	3	2	1
Operating effectiveness	0	0	1	0	0
Total	0	0	4	2	1



Headlines/summary of findings

From 2016 London South Bank University (LSBU) will offer every undergraduate student the opportunity for a placement, internship or a professional experience during their time at LSBU. LSBU does not currently have a central process for accessing and monitoring placements but are in the process of introducing a new system, InPlace, in order to improve placement provision and ensure a more consistent offering. The purpose of this audit was to assess the control design and operating effectiveness of the current process, and to assess the control design of the InPlace system.

We identified four *medium risk* findings:

1. LSBU is unable to provide a list of all students on a placement. Completeness of placement records cannot be verified because LSBU is reliant on the student informing them that they are going on a placement. **See finding #1.**
2. We identified that a number of the checks required to be completed before a student starts a placement, including risk assessments and academic approval from the School, could not be evidenced. **See finding #2.**
3. Centralised guidance on the placement risk assessment and monitoring process is not in place. **See finding #3.**
4. The plan for developing and implementing InPlace needs to be expanded and include areas such as feedback mechanisms and training day-to-day users of the system. **See finding #4.**

We also identified two *low risk* findings (see findings 4 and 5), and one *advisory* findings (see findings 6 and 7).

Background and scope (1 of 3)



Background

From 2016 London South Bank University (LSBU) will offer every undergraduate student the opportunity for a placement, internship or a professional experience during their time at LSBU.

LSBU does not currently have a centralised process for assessing and monitoring placements, which means there is a risk of inconsistent delivery of placements across Schools. LSBU are in the process of introducing a new system, 'InPlace', which is intended to improve delivery of placements and ensure there is a consistent offering throughout the University.

The objective of this audit is to review the controls in place for assessing placement providers and monitoring the student's experience during the placement. Our work will also cover the design of LSBU's new policy and procedures for assessing and monitoring placements in the new 'InPlace' system.

Our work touched upon the following areas of our annual report to Audit Committee:

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

X = area of primary focus

x = possible area of secondary focus



Background and scope (2 of 3)



Scope and limitations of scope

The sub-processes and related control objectives included in this review are:

Sub-process	Objectives
Assessment of placements	<p>There are controls in place to assess and approve the placement provider prior to commencement of a placement. These controls should include:</p> <ul style="list-style-type: none"> • A risk assessment of the placement • Academic approval for the placement
Monitoring of placements	<p>Controls are in place to retain accurate records of placement providers and information on placements.</p> <p>There are controls in place to monitor the student's attendance on the placement.</p> <p>Controls are in place for the student to feedback any concerns or queries during and after the placement.</p>
Placements policy and process guidance	<p>There is a defined policy and / or guidance notes for the process of assessing new placement providers and monitoring the student's experience on the placement.</p> <p>Policies and guidance for placements include:</p> <ul style="list-style-type: none"> • Defined roles and responsibilities; • Review, authorisation and approval requirements <p>There is evidence to support compliance with this process.</p> <p><i>Our work will also include reviewing the new policy and process guidance notes for placements, including the new 'InPlace' system.</i></p>



Background and scope (3 of 3)



Limitations of scope

The scope of our work was limited to those areas outlined above.

This review only considered the controls in place for placements. We did not test the controls in place for apprenticeships, internships or professional experiences. We have tested the controls in place for a sample of courses.

This review only considered the control design for the new placements process.

Our review was performed in the context of the information provided to us. Where circumstances change the review outputs may no longer be applicable. In these situations, we accept no responsibility.



Completeness of placement records

Control design

1

Page 101

Finding rating

Rating

Medium

Findings

LSBU is unable to provide a list of all students on a placement. Completeness of placement records cannot be verified because LSBU is reliant on the student informing them that they are going on a placement.

Implications

LSBU may be unaware that a student is on a placement meaning that appropriate risk and academic assessments are not completed. This may result in students being placed in an environment which is unsafe or does not provide a valid academic experience.

Without a complete picture of their placement provision, LSBU will be unable to determine whether they have achieved the commitment to provide all undergraduates with a placement opportunity. This could negatively impact on student satisfaction and the wider reputation of LSBU.

Action plan

- We will use InPlace to manage and monitor all placements.
- We will actively encourage students to inform the university of all placements they are undertaking so that appropriate risk management and academic procedures can be instigated.

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

31/07/2017

Reference number:

PLACEMENTS-1

Due diligence procedures

Operating effectiveness

2

Page 102

Finding rating

Rating

Medium

Findings

We tested the pre-placement checks undertaken for five courses and found:

- In 6/25 cases, the required due diligence tasks were not finalised (i.e. all documents had not been returned from the employer) before the student commenced their placement.

The required pre-placement checks differ across courses. We found the following exceptions when testing Tourism, Hospitality and Leisure Management, International Marketing, and Arts and Festival Management:

- For 5/15 students tested, the placement confirmation form could not be located.
- For 2/15 students tested, the placement confirmation form had been completed, but not signed and dated by the student.
- In 5/15 cases, the risk assessment form had not been fully completed.
- In 6/15 cases, a copy of the placement provider’s insurance certification was not retained.
- For 6/15 students tested, evidence of academic approval for the placement could not be provided.

Implications

Students may allocated to placements which are unsafe or do not meet the required academic criteria.

LSBU may suffer financial risk and the risk of legal action because they are sending students on work placements which may not be insured, and thus may suffer this financial risk themselves through legal action from the student.

Action plan

- The introduction of InPlace will allow LSBU to monitor the status of placements and mitigate the risk that a student starts on a placement before the required checks have been completed.
- Going forward, all placements will be signed off by academic staff before the placement commences. This sign off will confirm that the School has completed all the necessary checks, including review of the risk assessment and insurance documentation.

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

31/07/2017

Reference number:

PLACEMENTS-2

Guidance documents

Control design

3

Page 103

Finding rating

Rating

Medium

Findings

Centralised guidance on the placements process is not in place. Each School is responsible for producing guidance on placements which means there is inconsistency across LSBU.

We reviewed the guidance available for five courses. We found:

- 1/5 courses tested did not have guidance on placements.
- For 2/5 courses tested, the placements documentation available was directed towards students and/or placement providers rather than LSBU staff. The guidance did not include the roles and responsibilities of LSBU staff, nor the process which staff are required to follow.

Implications

Inconsistencies across LSBU's placement offering could mean that students have a negative experience on their placement. This could damage LSBU's student satisfaction score and overall reputation as a Higher Education Institution.

Staff may be unaware of their responsibilities surrounding placements meaning that the proper process is not followed. This could lead to the LSBU entering students into inappropriate or unsafe placements.

Action plan

- We will create centralised guidance documents on the placement process to be followed and distribute these to all relevant staff, students and other stakeholders.

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

31/07/2017

Reference number:

PLACEMENTS-3

InPlace findings

Control design

4

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Finding rating

Rating

Medium

Findings

We reviewed the controls for the new InPlace system and found:

- The plan for developing and implementing InPlace does not include how this will be rolled out for day-to-day users of the system. The plan does not outline how they will engage with the day-to-day user's of the system and secure their buy-in for using InPlace functionalities in full.
- There is currently no plan to gather feedback from users on InPlace, placement providers or the wider placement experience once the system is implemented.
- A plan for engaging with previous placement providers, in order to encourage future placement places, has not been determined.
- A plan to monitor the status of placements within InPlace has not yet been devised.
- There is functionality within InPlace to grant access to the system to third parties. Controls are not currently in place to allow placement providers to access the system.

Implications

- Without consultation of the day-to-day users, insights as to how the system could be improved may be missed. This could result in a system which does not provide the functionality required by users.
- If time is not invested in securing user's buy-in to the system, there is a risk that the functionality of InPlace will not be fully utilised, meaning that inefficiencies in the current process will not be resolved.
- A lack of feedback on the new InPlace system and process may mean that issues are not identified or resolved. This could mean that users avoid using the system, or won't use it to it's full potential.
- Without an established protocol for engaging with placement providers, there is a risk that LSBU will loose the contact once the placement has ended. This means that opportunities for future placements will be lost.
- Without central oversight over the progress of placements, there is a risk that due diligence checks are not completed ahead of the student's start date. This could mean that placements are delayed or cancelled, or that students are on placements which have not been subject to a full risk assessment.

InPlace findings

Control design

Continued.

4

Page 105

Finding rating

Rating

Medium

Implications (continued)

- Opportunities to engage with placement providers may be limited if LSBU do not make use of the functionality to allow access to third parties.
- If access to providers is granted before appropriate controls are in place, this could expose LSBU to data protection issues.

Action plan

- We will involve key users in the tailoring of the software in terms of reports and monitoring functionality, to enable a smoother transition when the system goes live, and enable the system to be used to the best of it's capacity.
- We will formulate a general survey which will be input into InPlace and allow wide-scale student interaction and feedback.
- We will explore the reporting tools within InPlace and utilise a report which will show when placements are coming to an end, so that the placement provider can be contacted to understand their business needs and the possibility of further placements for LSBU students.
- We will tailor training courses to different schools and user groups to ensure that they understand how to get the best out of the software and how it can improve both staff productivity and student experience
- We will use the reporting function on InPlace to track the progress of placement applications and follow-up on slow-moving placement applications where appropriate.
- Appropriate due diligence checks will be completed before giving placement providers access.
- If access is granted to placement providers, their access will be limited to prevent them viewing sensitive data.

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

30/06/2017

Reference number:

PLACEMENTS-4

Monitoring of student attendance

Control design

5

Page 106

Finding rating

Rating

Low

Findings

The onus is on the placement provider to monitor placement attendance. This could mean that a non-attendance is not captured.

Implications

Poor student attendance could negatively impact on LSBU's reputation, thereby damaging LSBU's relationship with placement providers and opportunities for future placements.

Failure to meet minimum attendance thresholds could mean that LSBU's loses it's licence to provide certain courses and host international students.

Action plan

- We will use the functionality available on InPlace to monitor student attendance in a more proactive way, such as through the timesheets module.

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

31/07/2017

Reference number:

PLACEMENTS-5

Workplace inspections

Control design

6

Findings

Workplace inspections do not take place for all placements, and whilst this is to be expected due to the large number of placements, there is no clear guidance as to what type of placement/workplace would require an inspection. This decision is left to the judgement of the employability team or the responsible academic.

Implications

There is a risk that workplace inspections are not carried out when required. This could result in a student commencing work on an unsuitable or unsafe placement.

Action plan

- We will produce guidance on when workplace inspections are required.

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

31/07/2017

Reference number:

PLACEMENTS-6

Finding rating

Rating

Low

Placement provider due diligence

Control design

Page 108

7

Finding rating

Rating

Advisory

Findings

Placement providers are required to go through the same due diligence process each time they employ a student. This creates additional work for LSBU's staff which could be avoided.

This process could be improved through introducing a central database of approved placement providers to reduce the administrative burden, and maintain good placement provider relationships.

Implications

Pressure may be put on the LSBU's resources due to repeated due diligence procedures being carried out on the same placement provider.

Placement providers may become less willing to offer placements because of repeated requests for the same documents.

Action plan

- We will use the agency functionality available on InPlace to keep provider profiles and only request additional information from providers when required (e.g. insurance policy certification once a year)

Responsible person/title:

Sukaina Jeraj (Head of Placements)

Target date:

31/07/2017

Reference number:

PLACEMENTS-7



**Appendix A: Basis of our
classifications**

**Appendix B: Terms of
reference**

**Appendix C: Limitations
and responsibilities**

**Appendix D: Best practice
and insight**

Appendices

Appendix A: Basis of our classifications

Individual finding ratings

Critical

A finding that could have a:

- **Critical** impact on operational performance resulting in inability to continue core activities for more than two days; or
- **Critical** monetary or financial statement impact £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

A finding that could have a:

- **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 unfavourable national media coverage.

Medium

A finding that could have a:

- **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 unfavourable media coverage.

Appendix A: Basis of our classifications

Individual finding ratings

Low

A finding that could have a:

- **Minor** impact on the organisation’s operational performance resulting in moderate disruption of discrete non-core activities; or
- **Minor** monetary or financial statement impact of £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 unfavourable 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.

Report classifications

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

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

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



Appendix B: Terms of reference

Placements

To: Shân Wareing - Pro Vice-Chancellor for Education and Student Experience
From: Justin Martin – Head of Internal Audit

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Background and audit objectives



This review is being undertaken as part of the 2016/17 internal audit plan approved by the Audit Committee.

Background and audit objectives

From 2016 London South Bank University (LSBU) offers every undergraduate student the opportunity for a placement, internship or a professional experience during their time at LSBU.

LSBU does not currently have a centralised process for assessing and monitoring placements, which means there is a risk of inconsistent delivery of placements across Schools. LSBU are in the process of introducing a new system, 'In Place', which is intended to improve delivery of placements and ensure there is a consistent offering throughout the University.

The objective of this audit is to review the controls in place for assessing placement providers and monitoring the student's experience during the placement. Our work will also cover the design of LSBU's new policy and procedures for assessing and monitoring placements in the new 'In Place' system.

We believe our work will touch upon the following areas of our annual report to Audit Committee:

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

X = area of primary focus

x = possible area of secondary focus

Audit scope and approach (1 of 2)

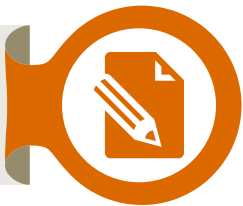


Scope

The sub-processes and related control objectives included in this review are:

Sub-process	Objectives
Assessment of placements	<p>There are controls in place to assess and approve the placement provider prior to commencement of a placement. These controls should include:</p> <ul style="list-style-type: none"> • A risk assessment of the placement • Academic approval for the placement
Monitoring of placements	<p>Controls are in place to retain accurate records of placement providers and information on placements. There are controls in place to monitor the student's attendance on the placement. Controls are in place for the student to feedback any concerns or queries during and after the placement.</p>
Placements policy and process guidance	<p>There is defined policy and / or guidance notes for the process of assessing new placement providers and monitoring the student's experience on the placement.</p> <p>Policies and guidance for placements include:</p> <ul style="list-style-type: none"> • Defined roles and responsibilities; • Review, authorisation and approval requirements <p>There is evidence to support compliance with this process.</p> <p><i>Our work will also include reviewing the new policy and process guidance notes for placements, including the new 'In Place' system.</i></p>

Audit scope and approach (2 of 2)



Limitations of scope

The scope of our work will be limited to those areas outlined on page 3.

This review will only consider the controls in place for placements. We will not test the controls in place for apprenticeships, internships or professional experiences. We will test the controls in place for a sample of courses.

This review will only consider control design for the new placements process.

Our review will be performed in the context of the information provided to us. Where circumstances change the review outputs may no longer be applicable. In these situations, we accept no responsibility

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the process through discussions with key personnel, review of methodology and procedure notes and walkthrough tests;
- Identify the key risks relating to the process;
- Evaluate the design of the controls in place to address the key risks;
- Test the operating effectiveness of the key controls.



Internal audit team and key contacts



Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	Telephone: 0207 212 4269 Email: justin.f.martin@uk.pwc.com
Charlotte Bilsland	Engagement Senior Manager	Telephone: 07715 484 470 Email: charlotte.bilsland@uk.pwc.com
Lucy Gresswell	Engagement Supervisor	Telephone: 07718 098 321 Email: lucy.j.gresswell@uk.pwc.com
Jeremy Baily	Internal Auditor	Telephone: 07802658883 Email: jeremy.a.baily@pwc.com

Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Shân Wareing	Pro Vice-Chancellor for Education and Student Experience	wareings@lsbu.ac.uk	Review and approve terms of reference
Sukaina Jeraj	Head of Placements	jerajs@lsbu.ac.uk	Review draft report Review and approve final report
Sourav Dalal	Business Change Project Manager	dalalsa@lsbu.ac.uk	Hold initial scoping meeting
Valerie Tomlinson	Project Manager	Valerie.Tomlinson@lsbu.ac.uk	Review and meet to discuss issues arising and develop management responses and action plan
Richard Flatman	Chief Financial Officer	0207 815 6301 richard.flatman@lsbu.ac.uk	Receive draft and final terms of reference Receive draft report
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk	Receive final report

Timetable



Timetable

Fieldwork start	12 December 2016
Fieldwork completed	23 December 2016
Draft report to client	13 January 2017
Response from client	27 January 2017
Final report to client	3 February 2017

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.

Please note that if the University requests the audit timing to be changed at short notice (2 weeks before fieldwork start) and the audit staff cannot be deployed to other client work, the University may still be charged for all/some of this time. PwC will make every effort to redeploy audit staff in such circumstances.



Information Request



Please find attached a deliverables listing outlining items we expect to have available on the first day of the audit:

- Copies of all policy and procedure notes;
- Access to minutes from any relevant meetings and associated reports; and
- A copy of the most recent list of the courses which offer placements

This listing is not exhaustive, additional items may be asked for on request.

Appendix C: Limitations and responsibilities

Limitations inherent to the internal auditor’s work

We have undertaken this review 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 changes; 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 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.

Appendix D: Best practice and insight

Areas of Good Practice

We identified no findings from our testing of the Nursing and Education courses. Required checks were completed in advance of the placement start date and there was also evidence of monitoring the student's attendance and performance on the placement for all students tested for these two courses. We note that the controls in these areas are more robust due to the regulatory environment these Schools operate in.

We recommend that LSBU shares the good practice used in Nursing and Education with other Schools.

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This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated November 2016. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Memorandum of Assurance and Accountability between Higher Education Funding Council for England (HEFCE) and institutions. 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.

In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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	CONFIDENTIAL
Paper title:	Preparedness for HEFCE Assurance Review
Board/Committee	Audit Committee
Date of meeting:	9 th February 2017
Author:	PriceWaterhouse Coopers
Executive/Operations sponsor:	Richard Flatman – CFO
Purpose:	To provide Committee with the outcome of this management exercise to provide assurance over the LSBU preparation for the Hefce Assurance Review scheduled for January 2017.
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	This report relates to the reputation and compliance risk types expressed within the Risk Appetite, and relates to the corporate strategy and operation of the entire institution.
Recommendation:	Committee is requested to note: <ul style="list-style-type: none"> • the report and its findings

Matter previously considered by:		On:
Further approval required?		

Executive Summary

This report relates to a mock assurance review process conducted by the internal auditors on Dec 15th 2016, ahead of the actual review by Hefce scheduled on 26th January 2017, and does not have a formal classification.

These summary of findings on pages 6 & 7 mainly related to the briefing pack prepared for this review, and all the recommendations have been actioned ahead of the January review.

- The Committee is requested to note the report.

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Internal Audit Report 2016/2017

HEFCE 5 Year Review

*London South Bank
University*

Final

January 2017

▶ Click to launch


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Findings

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Appendices

- A. Workshop slides
- B. Terms of reference
- C. Limitations and responsibilities

Distribution list

For action: David Phoenix – Vice Chancellor and Chief Executive
 Richard Flatman - Chief Financial Officer
 Jerry Cope – Chair of Board of Governors
 Steve Balmont – Chair of Audit Committee
 Andrew Owen – Chair of Finance, Planning and Resources Committee
 James Stevenson – University Secretary
 John Baker - Corporate and Business Planning Manager



Executive summary (1 of 1)



Background

The HEFCE Assurance Service visits every UK university every 5 years to discuss the accountability returns that they submit to HEFCE as part of the accountability process. The HEFCE Assurance Review (HAR) is a requirement of the Memorandum of Assurance and Accountability (MAA) and normally takes one day. The HAR will focus on institution's accountability for public funding they receive. Typically, HEFCE will meet with senior management and members of governance bodies to discuss the institution's processes and supporting documentation for the information and assurances provided to HEFCE each year. London South Bank University (LSBU) was last visited by HEFCE in 2011 and is due to be audited in January 2017. The purpose of this engagement was to help London South Bank University (LSBU) prepare for this review through a series of interviews with selected senior management and members.

Key Findings

LSBU appears to have prepared well for the visit: relevant stakeholders have been briefed, a comprehensive briefing pack has been prepared and circulated to stakeholders for reference and interviewees were fully conversant of the subject matter. In particular we found that all interviewees had a consistent view of key risks to the institution (student recruitment and retention and maintaining fee income and growth), understood how the internal governance process worked and clearly understood LSBU's strategy and financial strategy.

We have included a summary of findings for management consideration in the **Findings** section. These largely relate to refining their current process for preparing for the HAR, for example:

- Ensuring all interviewees are comfortable with how each Data Return and Assurance Statement is prepared, reviewed and approved and including a summary of this within the Background Information Pack supplied to interviewees;
- Ensuring the Background Information Pack does not contain duplicates;
- Reminding themselves of key communications with HEFCE and ensuring any key matters are reminded to relevant stakeholders;
- Ensuring staff are familiar with the quality assurance return and Public Benefit Statement to HEFCE.

Recommendations are included for each finding. These reflect the current status of LSBU preparedness and focus on firming up positions in order to ensure consistency, rather than on performing significant new work.

Background and scope (1 of 2)



Background and audit objectives

The HEFCE Assurance Service visits every UK university every 5 years to discuss the accountability returns that they submit to HEFCE as part of the accountability process. The HEFCE Assurance Review (HAR) is a requirement of the Memorandum of Assurance and Accountability (MAA) and normally takes one day. The HAR will focus on institution's accountability for public funding they receive. Typically, HEFCE will meet with senior management and members of governance bodies to discuss the institution's processes and supporting documentation for the information and assurances provided to HEFCE each year. London South Bank University (LSBU) was last visited by HEFCE in 2011 and is due to be audited in January 2017.

The purpose of this engagement was to help London South Bank University (LSBU) prepare for this review through a series of workshops with selected senior management and members.

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

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
5	x	x	x	x	x

x = area of primary focus

x = possible area of secondary focus



Background and scope (2 of 2)



Scope

We will held a half day workshop on 15/12/16, to be attended by the following people:

- Chair of Board of Governors
- Chair of Audit Committee
- Chief Financial Officer
- Head of the Institution
- Chair of Finance Committee
- Secretary to the Board

This began with a briefing session facilitated by Charlotte Bilsland (PwC Engagement Senior Manager) and David Wildey (Higher Education Subject Matter Expert). In this session we covered:

- Background to HAR
- The review process
- Flow of assurance
- Specific areas for consideration
- Typical review areas

We then performed interviews with each of the individuals listed above.

Limitations of scope

This engagement is to assist LSBU prepare for the HAR. It does not constitute a HAR and while we have highlighted any areas we think LSBU should consider ahead of the HAR we have not provided an assurance rating over this. Our review has been performed in the context of the information provided to us. Where circumstances change the review outputs may no longer be applicable. In these situations, we accept no responsibility in respect of the advice given.

Summary of findings (1 of 1)

#	Recommendation	Management response
Page 130	<p>1 Data Returns and Assurance Statements</p> <p>All interviewees understood and were aware of the key Data Returns and Assurance Statements that LSBU submits to HEFCE. We noted that these are reviewed and authorised by multiple Boards and individuals, and that it may be beneficial for LSBU to prepare a summary document that clearly specifies:</p> <ul style="list-style-type: none"> • Each Data Return/Assurance Statement submitted to HEFCE • Who prepared, reviewed and authorised each Data Return and Assurance Statement • Any Boards who have oversight /approval of these. <p>It would also be useful to prepare a summary of the Background Information Pack against the five areas reports to HEFCE (Governance, Risk, Control, Data and Value for Money) summarising the various forms of assurance obtained against each area.</p>	<p><i>Action:</i> Key returns to HEFCE were listed in the pack but the detail on each return was not provided.</p> <p><i>Owner:</i> Michael Broadway, Deputy University Secretary</p> <p><i>Target Implementation Date:</i> Implemented</p>
	<p>2 Background Information Pack</p> <p>LSBU has prepared a Background Information Pack for interviewees which consolidates each of the items requested by HEFCE. At the time of our review this was 412 pages and contained some items in duplicate, for example: the Public Benefit Statement and Corporate Governance Statements are defined in the Financial Statements but also is included as a separate item. LSBU could look to reduce the size of the pack by removing duplicates to ensure it is not overwhelming to users.</p>	<p><i>Action:</i> Noted and duplicated reports were removed.</p> <p><i>Owner:</i> Michael Broadway, Deputy University Secretary</p> <p><i>Target Implementation Date:</i> Implemented</p>
	<p>3 Communications with HEFCE</p> <p>It may be helpful for LSBU to ensure it has reviewed its communications with HEFCE over that last 12 months in case there is anything that may be brought up as part of interviews and share this with relevant stakeholders.</p>	<p><i>Action:</i> Provided in the briefing pack</p> <p><i>Owner:</i> Michael Broadway, Deputy University Secretary</p> <p><i>Target Implementation Date:</i> Implemented</p>

Summary of findings (1 of 1)

#	Recommendation	Management response
4	<p>Academic Quality</p> <p>Institutions are required to submit a Return to HEFCE on Quality Assurance. This is a new area for the institution and it may be beneficial for interviewees to familiarise themselves with this process, and the role of the Academic Board as part of this, in case it is included as part of the HAR.</p>	<p><i>Action:</i> Provided in the briefing pack <i>Owner:</i> Michael Broadway, Deputy University Secretary <i>Target Implementation Date:</i> Implemented</p>
Page 131	<p>Public Benefit Statement</p> <p>LSBU's Public Benefit Statement was a common theme during interviews, in particular: how it was compiled and how LSBU assure compliance. A short summary of this information may be helpful to stakeholders.</p>	<p><i>Action:</i> Provided in the briefing pack <i>Owner:</i> Michael Broadway, Deputy University Secretary <i>Target Implementation Date:</i> Implemented</p>

Appendices

Agenda

- Welcome, introductions, agenda for the day
- Background to HEFCE Assurance Reviews
- Review process
- Flow of assurance
- Typical review areas:
 - Risk
 - Control
 - Governance
 - Value for Money
 - Data
 - Financial sustainability
 - Other matters

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Agenda for the day

Time	Topic	Required
8.45	Tea & coffee	
9:00	Briefing from PwC	All
10:00	Interview – Vice Chancellor and Chief Executive	David Phoenix
10.30	Interview – Chair of Board of Governors	Jerry Cope
11:00	Break	
11:15	Interview – University Secretary and Clerk to the Board of Governors	James Stevenson
11.45	Interview – Chair of Finance, Planning and Resources Committee	Andrew Owen
12:15	Interview – Chair of Audit Committee	Steve Balmont
12:45	Interview – Chief Financial Officer (to take place in CFO’s office.)	Richard Flatman
13:15	End	

Background to HEFCE assurance reviews

How do the reviews fit within HEFCE’s institutional risk system

Areas of risk

- Institutional sustainability
- Use of public funds:
 - Regularity
 - Propriety
 - Value for money
- How funds are managed:
 - Risk
 - Control
 - Governance

Sources of information

- Annual accountability returns
- HEFCE institutional audit , e.g. data audit and **cyclical assurance visits**
- Continuing dialogue
- Information from other sources, including other public bodies
- Other indicators of risk e.g. quality assurance judgements; NSS outcomes
- Other information from the institution, e.g. material change in circumstances
- Other sources of publically available data.

Background to HEFCE assurance reviews

Why are they performed and what assurance/accountability returns are looked at?

Accountability for the public funding received

Part of the wider HEFCE accountability process – deeper dive so that reliance can be taken from annual returns.

Looking at the “evidence base for, and quality of assurances given to, HEFCE”.

To protect and promote the collective student interest.

Typically on a five year review cycle.

Normal HEFCE process.

Annual Assurance and Accountability Returns

Annual assurance return

Signed financial statements

Audit committee annual report

External audit management letter

Internal audit annual report

VFM report

Financial results and forecasts

HESES return

TRAC return

Sustainability assessment (optional)

Review process

How is it performed and who is involved?

The process

Interview based.

Annual assurance returns provide the background.

Initial feedback on the day of the review.

Looking to establish whether the process that support the assurances to HEFCE can be relied upon.

Short report (and recommendations) will follow.

Typical interviewees

- Vice chancellor
- Chair of Board
- Chair of Audit & Risk Committee
- Chair of Finance Committee
- Director of Finance
- Head of Administration
- Head of Internal Audit

Flow of Assurance

Stage	Elements in stage (examples)	Example of control
Page 138 Assurances	<ul style="list-style-type: none"> • Statement of Internal Control • Annual Submissions to HEFCE 	SIC statement on control
Review/ Scrutiny	<ul style="list-style-type: none"> • Audit and Risk Committee • Management review/challenge • Board debate 	A&R Committee annual report conclusion on control
Evidence	<ul style="list-style-type: none"> • Internal audit reports • External audit reports • Management reports 	Internal audit annual opinion on control

Typical review areas

Risk

- What are the major risks?
- What debate takes place at Board on risks?
- How does the Audit and Risk Committee assure itself over the risk management process?
- Internal Audit’s view of risk management process?
- Annual Audit and Risk Committee view of risk management, and how is this reported to Board?

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Assurances in the Statement of Internal Control

- “The University Board has approved a set of policies and an approach to risk management in the institution, aligned to Institutional strategic objectives and embedded in day to day management”
- “The Board has a risk register which was regularly reviewed during the year and the Board challenged and received assurance on the management of those risks”
- “The governing body is of the view that there is an on-going process for identifying, evaluating and managing the University’s significant risks”

Typical review areas

Control

- Page 140
- Flow of assurance from audit reports, to Audit and Risk Committee Annual Report, to Board consideration and published Statement of Internal Control.
 - Internal control vs internal financial control.
 - What are the main control matters:
 - Main internal audit findings..?
 - Any external audit control issues ..?

Statement of Internal Control Extract

“It is the opinion of the Audit and Risk Committee that reliance can be placed upon the control environment within the University and that controls are operating satisfactorily”

“The governing body reviews the key risks to which the University is exposed on an on-going basis together with the operating, financial and compliance controls that have been implemented to mitigate those risks”

Typical review areas

Governance

- How HEFCE can be assured that oversight and scrutiny can be relied upon.
- Other factors:
 - Own effectiveness reviews of Board and Committees - what were the review outcomes?
 - IA view on governance processes

Typical review areas

Value for Money

- Processes to secure economy, efficiency and effectiveness (VfM Framework)
Assurance by Internal Audit, then Audit and Risk Committee, up to Board
- Embedded processes as well as individual initiatives
- Use of benchmarking/analysis.

Typical VfM systems

- Procurement
- Performance management
- Budgetary control
- Resource allocation
- Capital investment appraisal
- Contract management

Typical review areas

Data

- Background to HEFCE concerns over data returns.
- Data requirements are increasing all the time (e.g. Key Information Sets; SLC; HMRC Real Time Information; Home Office visa compliance).
- How does Audit and Risk Committee get its assurance? (internal audit; management self assessment; other reviews of data; annual report to committee), and what was its conclusion?
- What is the scope of internal audit work, and what are its findings on data quality processes?

Typical review areas

Financial Sustainability

- Current focus on financial sustainability, due to increased volatility.
- How does governance over financial matters operate ?
 - What is discussed at Board?
 - Level of scrutiny/debate over audited financial statements, including financial sustainability.
- Views on financial position and projections (note HEFCE ratios used in assessing sustainability risk).
- Link between financial strategy and corporate strategy.
- What in-year financial management information is used and how do governors and executive obtain confidence over it?
- External reporting on financial risks.

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Typical review areas

Other matters

Fraud

- Instances of fraud?
- How are they identified?
- What's been returned to HEFCE? (>£25k) in financial memorandum

Charities compliance

- External disclosures for charities (e.g. trustee names; public benefit reporting; expenses/remuneration of trustees);
- Reporting serious incidents (e.g. resulting in loss of funds; risk to reputation).

Other possible areas of conversation/interest

- Academic Governance – how does the University ensure academic quality
- How is Brexit expected to impact the University?
- What would be the impact of further changes/pressures on international recruitment?
- Any reported/known student interest issues?

Appendix B: Terms of reference

To: Richard Flatman – Chief Financial Officer

From: Justin Martin – Head of Internal Audit

Background and audit objectives



This review is being undertaken as part of the 2016/2017 internal audit plan approved by the Audit Committee.

Background and audit objectives

The HEFCE Assurance Service visits every UK university every 5 years to discuss the accountability returns that they submit to HEFCE as part of the accountability process. The HEFCE Assurance Review (HAR) is a requirement of the Memorandum of Assurance and Accountability (MAA) and normally takes one day. The HAR will focus on institution's accountability for public funding they receive. Typically, HEFCE will meet with senior management and members of governance bodies to discuss the institution's processes and supporting documentation for the information and assurances provided to HEFCE each year. London South Bank University (LSBU) was last visited by HEFCE in 2011 and is due to be audited in January 2017.

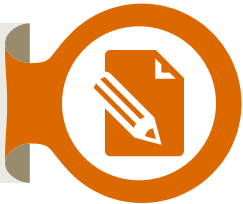
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Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
5	x	x	x	x	x

x = area of primary focus

x = possible area of secondary focus

Audit scope and approach (1 of 2)



Scope

We will hold a half day workshop on 15/12/16, to be attended by the following people:

- Chair of Board of Governors
- Chair of Audit Committee
- Chief Financial Officer
- Head of the Institution
- Chair of Finance Committee
- Secretary to the Board

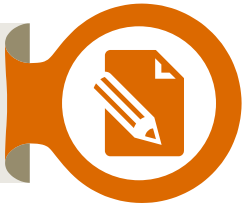
This will begin with a briefing session facilitated by Charlotte Bilsland (PwC Engagement Senior Manager) and David Wildey (Higher Education Subject Matter Expert). In this session we will cover:

- Background to HAR
- The review process
- Flow of assurance
- Specific areas for consideration
- Typical review areas

We will then perform interviews with each of the individuals listed above.

At the end of the workshop we will write a management letter summarising these key areas with recommendations for areas LSBU should consider as part of preparing for the HAR.

Audit scope and approach (2 of 2)



Limitations of scope

This engagement is to assist LSBU prepare for the HAR. It does not constitute a HAR and while we will highlight any areas we think LSBU should consider ahead of the HAR we will not be providing an assurance rating over this.

Our review will be performed in the context of the information provided to us. Where circumstances change the review outputs may no longer be applicable. In these situations, we accept no responsibility in respect of the advice given.

Audit approach

Our audit approach is as follows:

- Hold a workshop with key stakeholders;
- Capture feedback from the event;
- Summarise key findings in a management letter.



Internal audit team and key contacts



Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	0207 212 4269 justin.f.martin@uk.pwc.com
Charlotte Bilsland	Engagement Senior Manager	07715 484 470 charlotte.bilsland@uk.pwc.com
Lucy Gresswell	Engagement Supervisor	07718 098 321 lucy.j.gresswell@uk.pwc.com
David Wildey	Senior Manager	07921 106 603 david.w.wildey@uk.pwc.com

Key contacts – London South Bank University

Name	Title	Contact details
Richard Flatman	Chief Financial Officer	0207 815 6301 richard.flatman@lsbu.ac.uk
John Baker	Corporate and Business Planning Manager	0207 815 6003 j.baker@lsbu.ac.uk



Timetable and information request



Timetable

Workshop	15 December 2016
Draft report to client	29 December 2016
Response from client	12 January 2017
Final report to client	19 January 2017

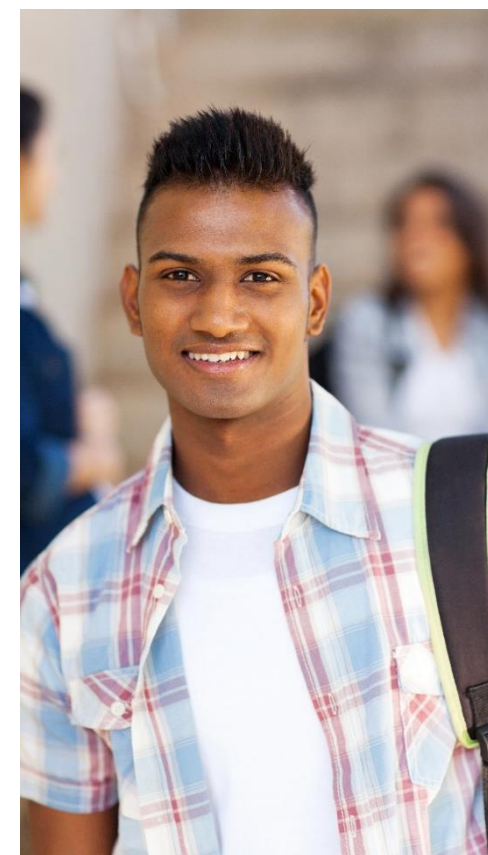
Agreed timescales are subject to the following assumptions:

- 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.

Please note that if LSBU requests the audit timing to be changed at short notice (2 weeks before fieldwork start) and the audit staff cannot be deployed to other client work, LSBU may still be charged for all/some of this time. PwC will make every effort to redeploy audit staff in such circumstances.

Information request

- The 15/16 annual statements
- A copy of the corporate strategy and financial strategy
- A copy of your financial forecasts sent to HEFCE for 1516
- A copy of external audits management letter for 1516
- A copy of the Audit Committee's annual report for 1516
- A copy of the Accountable Officers Annual Assurance Statement 1516
- The last set of minutes from the Board of Governors. Audit Committee and Finance Committee.



Appendix C: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review 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 changes; 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 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.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 15/05/2015. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Memorandum of Assurance and Accountability between Higher Education Funding Council for England (HEFCE) and institutions. 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.

In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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	CONFIDENTIAL
Paper title:	Corporate Risk Register
Board/Committee	Audit Committee
Date of meeting:	9 th February 2017
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?	All aspects as the risk entries on the register are aligned to the goals of the Corporate Strategy.
Recommendation:	Committee is requested to note: <ul style="list-style-type: none"> • the risks and their ratings, • the allocation of risks to corporate objectives

Matter previously considered by:	Operations Board	On: 25 th October
Further approval required?		

Executive Summary

The latest version of the Corporate Risk Register is attached for review. This has been reviewed by the January meeting of the Strategic Risk Review Group.

An overview of the updates and changes is provided in the middle column of the summary table on pages 2 and 3, with notes on overdue actions on the right, and the risks are grouped by Corporate Objective.

The Committee is requested to note:

- the risks and their ratings
- the allocation of risks to corporate objectives

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

Date: 23rd Jan 2017

Author: John Baker – Corporate & Business Planning Manager

Executive Lead: Richard Flatman – Chief Financial Officer

Page 157	4 Critical <i>fail to deliver corporate plan / removal of funding or degree awarding status, penalty /</i>	1: Lack of capability to respond to policy changes & shifts in competitive landscape (DP)	2: Revenue reduction if course portfolio, and related marketing activity, does not achieve Home UG recruitment targets (IM)	
	3 High <i>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</i>	37: Affordability of Capital Expenditure investment plans (RF) 494: Inconsistent delivery of Placement activity across the institution (SW) 495: Higher Apprenticeship degrees (PB)	6: Management Information perceived as unreliable, doesn't triangulate or is not presented (RF) 14: Loss of NHS contract income (WT) 305: Data not used / maintained securely (IM) 362: Impact of Low staff engagement (ME) 3: Increasing pensions deficit reduces flexibility (RF) 402: Unrealised research & enterprise £ growth (PI) 467: Progression rates don't rise (SW) 519: Negative Quality Assessment (SW)	457: Anticipated international & EU student revenue unrealised (PI) 517: Impact of EU Referendum result on operating conditions & market trends (DP)
	2 Medium <i>failure to meet operational objectives of the University</i>		398: Academic programmes not engaged with technological and pedagogic developments (SW) 457: Anticipated international & EU student revenue unrealised (PI)	518: Failures in core student systems (SW)
	1 Low <i>little effect on operational objectives</i>			
		1 - Low	2 - Medium	3 - High
		<i>This risk is only likely in the long term</i>	<i>This risk may occur in the medium term.</i>	<i>The risk is likely to occur short term</i>
		Residual Likelihood		
Executive Risk Spread: VC – 3, DVC – 1, CFO – 3, PVC-S&E – 5, PVC-R&EE – 2, COO – 2, Dean Health – 1, ExD-HR – 1, US - 0				

Changes since presentation at previous Operations Board meeting, and overdue action progress updates detailed below:

Reference	Risk title	Completed Actions & Risk Changes	Overdue Actions
Goal 1: Teaching & Learning: Ensuring teaching is highly applied, professionally accredited & linked to research & enterprise			
398 (SW)	Low engagement with tech or pedagogic developments	DEL Steering Group created: The group was inaugurated in December.	DEL Appointments progress note: Recruitment for two positions is underway. An Academic Developer (DEL) was advertised but no suitable candidates applied. This role, & a Learning Technology Developer will be advertised in Jan 2017. A temp resource will commence in January to focus on content allocation.
467 (SW)	UG Progression rate doesn't rise	New action around conference for Course Directors implemented: Course Directors Conference took place on 24th January, and included good practice presentations, an NSS Question Time panel, and development sessions.	Learner Analytics progress update: The rollout of the Dashboard was been postponed whilst ICT addressed data protection and privacy issues. A Privacy Impact Assessment is almost finalised, and ICT need to adjust the dashboard to mitigate some of the identified risks. Rollout is planned alongside the intranet in January. Course Review progress update: CRIT is working with the QA team to review and develop validation processes. The team plans to define centralised electronic storage and management of key course data including course specification, and is working with DESEs and validation panel chairs to develop an alternative to event-based validation during January 2017.
Goal 2: Student Experience: Seeing students as learning participants & encouraging and listening to the student voice.			
158 (SW)	Failure in Core Student System operations		My LSBU staffing progress note: A job description for a role to support this area of work has been HERA'd. Recruitment is scheduled for the early January. In the interim a temporary resource to support this area of work.
519 (SW)	Negative Quality Assessment	New Risk entry: Validation cycle action completed: A new deadline has been set for the annual validation cycle - 31st May, and a series of mini panel reviews with DESEs reduced the events being considered by around 50%.	Course Review progress update: CRIT working with QA team to develop alternative to validation event-based model for roll out in 2017, to ensure sufficient time for specific support is included in the revised validation model.
Goal 3: Employability: Ensuring students develop skills, aspiration and confidence.			
494 (SW)	Inconsistent delivery of Placement activity across institution	Team appointments action completed: By the 3 rd of January, the Apprenticeships Administrator, Account Manager & Business Development Manager will all be in post (along with a marketing intern). Internal Audit review completed:	Policy & Agreement ProForma action update: Policy and contract terms now agreed by the Gov/Legal team, but summary 'key facts' overview template being developed before implementation.
Goal 4: Research & Enterprise: Delivering outstanding economic, social and cultural benefits from our intellectual capital.			
402 (PI)	2020 £ growth through Research & Enterprise		

Goal 5: Access: Work with local partners to recruit, engage and retain students with the potential to succeed.			
495 (PB)	Impact of Higher Apprenticeship degrees on existing recruitment markets	<p>Launch strategy action implemented: Apprenticeship Scheme was launched in November by Robert Halfon (Minister of State at the Department for Education)</p> <p>Staff Appointment Action completed: Apprenticeship Administrator and Account manager now appointed.</p>	<p>Staff Appointment Action completion note: Apprenticeship Administrator and Account manager have gone to advert. Application closing date Friday 21st October. Interviews w/c 31st October.</p>
Goal 6: Internationalisation: Developing a multicultural community of students & staff through alliances & partnerships.			
457 (PI)	International & EU student £income unrealised	<p>Partnership model action completed: New 3 tier Gold Silver Bronze model developed, and all partnerships reviewed, with 7 of 17 identified for closure.</p>	
517 (DP)	Impact of EU Referendum		
Goal 7: People & Organisation: Attracting proud, responsible staff, & valuing & rewarding their achievements.			
1 (DP)	Response to environmental change & reputation	<p>Corporate Affairs Team now appointed.</p> <p>TEF Submission made to Hefce.</p>	
62 (DP)	Poor Staff Engagement	<p>Soft launch of new intranet implemented: New action created for formal launch.</p>	
Goal 8: Resources & Infrastructure: Investing in first class facilities and outcome focused services, responsive to academic needs.			
2 (PI)	Home UG Recruitment income targets		
3 (RF)	Pensions deficit		
6 (RF)	Quality and availability of Management Information	<p>Replacement HR system implemented: The new i-Trent System was successfully introduced, and Oracle replaced.</p>	
14 (WT)	Loss of NHS income	<p>Bursary information action implemented: The corporate website has been updated with a new FAQ section & Youtube video.</p> <p>Programme of open events completed:</p>	
37 (RF)	Affordability of Capital Investment plans		<p>Student Centre negotiations action progress update: Programming expert engaged to adjudicate on the decisions taken in respect of the refused extension of time claim. We await a meeting with the senior Director of Balfour Beatty early in 2016.</p>
305 (IM)	Data Security		<p>Mandatory training action progress update: The Pilot programme completed in January, feedback from this was implemented in February and ICT are now in discussions with HR comms team to work out optimum distribution method and comms package.</p>

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
398	Academic programmes do not employ suitable technological and pedagogic developments to support students and promote achievement	Shan Wareing	<p>Cause: Sustained underinvestment in expertise and dedicated human resource to support utilisation of learning technologies, comparative to new and existing competitors.</p> <p>Effect: LSBU does not effectively exploit the learning potential of new technologies, impacting negatively on student retention, achievement, or cost base (eg in terms of physical estate, inability to use virtual facilities) and our ability to delivery new provision such as apprenticeships Curriculum do not adapt sufficiently to remain relevant, jeopardising the employability of LSBU graduates. More flexible and efficient educational models which enable us to remain adaptable and competitive are out of institutional reach Support mechanisms do not provide some students with the learning support they need to navigate and succeed in the learning environment so retention does not meet the targets within the 5 year forecast. Market appeal of courses is impaired, impacting negatively on recruitment.</p>	I = 2 L = 2 Medium (4)	<p>The Student Experience Committee reports regularly to the Quality & Standards Committee on the Achievements of work undertaken by CRIT (Centre for Research Informed Teaching).</p> <hr/> <p>Delivery of the Technologically Enhanced Learning Strategy (TEL) through the Educational Framework and Quality Processes, monitored by Academic Board.</p>	I = 2 L = 2 Medium (4)	Marc Griffith	Appoint to positions within DEL team to develop and support use of MyLSBU and Digitally Enhanced pedagogies.	23 Dec 2016

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
467	Progression rate across undergraduate programmes does not rise in line with targets of Corporate Strategy	Shan Wareing	<p>Cause: Students admitted through clearing with lower tariff and less commitment to the course. High risk students are not identified in a timely way and supported sufficiently. Failures in timetabling, organisation and communication increase during periods of change, and high risk students are more vulnerable. New initiatives don't engage students. Provision fails to meet immediate needs of students entering through non-traditional access routes. Unable to finance student support adequately to meet level of demand.</p> <p>Effect: Progression rate fails to increase sufficiently . HEFCE, or OFS could view LSBU as high risk. Data could have negative impact in TEF metric assessment. Considerable loss of income from UG non-progression to level 5 and 6.</p>	I = 3 L = 2 High (6)	<p>Study Support & Skills Sessions provided by the Library & LRC</p> <hr/> <p>Student Welfare advice and support provided by Student Life Centre</p>	I = 3 L = 2 High (6)	Saranne Weller	Provide review of newly validated courses to Academic Board to inform discussion around review of existing procedures, ensuring effective linkage with CRIT in future process.	04 Nov 2016
							Shan Wareing	Review current Job Description for Course Directors, ensuring fit with current priorities and Career Pathway structure.	31 Mar 2017
							Jamie Jones	Amend Academic Regulations to provide greater support to students at risk of withdrawal.	31 Mar 2017
							Jamie Jones	Review impact of Engagement and Attendance Monitoring Strategy.	31 Jul 2017
							Lesley Roberts	Oversee rollout of stage 1 of Learner Analytics Project with demographic data dashboard available to Personal Tutors and Student support teams.	31 Oct 2016

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
518	Failures in core student systems negatively impact student experience	Shan Wareing	<p>Cause: Core business processes and systems - e.g. QL, timetabling, Moodle, MyLSBU – already requiring manual and emergency interventions to function, or fail completely due to increased activity, e.g. January starts.</p> <p>Effect: Confusion amongst students and staff, NSS impact and reputational damage. students unable to attend teaching sessions, submit work on time or receive marks, so progression suffers Staff compensating for systems failures are distracted from other activity leading to failures elsewhere. Staff morale suffers and sickness rate and turnover rate increase.</p>	I = 2 L = 3 Medium (6)	SRS Replacement Project Updates scrutinised at Academic Board, to oversee progress and assess fit with strategy and existing practice. Operational Issues reported and tracked through ICT TopDesk system, with internal escalation protocols.	I = 2 L = 3 Medium (6)	Andrew Wignall	Review possibility of utilising the automated functions of timetabling system	01 May 2017
							Jennifer Laws	Amend QL to mitigate known problems with Sessions with January starts.	28 Jul 2017
							Marc Griffith	Allocate staffing to support my LSBU	30 Nov 2016
							Shan Wareing	Complete review of requirements for new Student Record System, and complete procurement proposal.	31 Jul 2017



Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
519	Negative Quality Assessment	Shan Wareing	<p>Cause: Reductions in staffing, or increase in activity could lead to overstretched teams and a failure to complete adequate quality processes in the Schools or PSGs. Academic staff are insufficiently prepared for quality processes, (because of being new to HE or not having had appropriate professional development) do not follow quality processes. High risk activity with partners (placement, international partners, UK partners (particularly FE or schools education) does not have adequate resource or expertise allocated to it to identify and manage risks.</p> <p>Effect: Failures in quality: Negatively impacts on Board of Governors ability to sign off HEFCE assurances, affecting income, reputation and university status. Negative affect on Annual Provider Review, and TEF outcome, impacting negatively on income through reputational impact on recruitment and through static fee levels. Could act as barrier to recruitment of international students, affecting income and reputation.</p>	I = 3 L = 3 High (9)	Academic Audit process monitored by Academic Board via periodic reports from Quality & Standards Committee (QSC).	I = 3 L = 2 High (6)	Janet Bohrer	Review approach to electronic document management, in conjunction with ARR and the Governance team, to seek to manage harmonisation of Curriculum details across the institution.	30 Sep 2017
							Saranne Weller	Collaborate with AQDO to ensure validation timetable allows for sufficient CRIT engagement with course teams.	30 Nov 2016

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
494	Inconsistent delivery of Placement activity across institution	Shan Wareing	<p>Cause: Insufficient human resource allocation centrally and in Schools Insufficient expertise within LSBU. Lack of allocation of sufficient central and School human resource. Speed of implementation without underpinning project planning or learning from the sector. Lack of assurance over offsite workplace conditions.</p> <p>Effect: Placement practice may not comply with Chapter B10 of the Quality Code, so may be a quality risk. LSBU may not be able to provide a placement, internship or professional opportunity for all UG students entering in 2016 and after, leading to a CMA risk Placements may not deliver a good student experience, creating a risk to achievement of NSS improvement plans. Duty of care to students re workplace safety may not be met, creating a reputational risk. Potential insurance risk.</p>	I = 3 L = 2 High (6) 	Utilisation of new software platform 'InPlace' enables efficiencies in the Schools & the centre, and supports constancy of process and knowledge sharing.	I = 3 L = 1 Medium (3) 	Valerie Tomlinson	Creation of placements policy and placement agreement pro-forma.	30 Sep 2016
							Kirsteen Coupar	Establish Placements Steering Group; with representatives from each School and relevant PSGs, to review operations managed through InPlace system and develop practice and procedure across the university in relation to the recruitment guarantee.	28 Apr 2017
							Kirsteen Coupar	Complete restructure of Employability team to ensure improved ability to support placements.	28 Feb 2017
							Valerie Tomlinson	Develop procedure and systems for quality assurance of placement opportunities.	31 Jan 2017

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
402	Income growth expected from greater research and enterprise activity does not materialise	Paul Ivey	<p>Cause:</p> <ol style="list-style-type: none"> 1) Challenging market environment with high competition for similar opportunities and funders. 2) Lack of proven forecasting systems & recent static performance 3) Aggressive and complex turnaround required carries intrinsic high risk. 4) Dependence on HSC CPPD income (circa 50% of enterprise£) 5) New structures fail to entice and encourage academic participation in activity. 6) Limitations of academic capacity and capability. 7) Internal competition for staff time over and above teaching. 8) TNE partnerships are not approved, present quality risks, or break down due to absence of adequate support structures, or when contacts relocate. <p>Effect:</p> <ol style="list-style-type: none"> 1) Income growth expectations unrealised. 2) Undiversified enterprise portfolio. 3) 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 are reduced. 6) 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. 	I = 3 L = 2 High (6)	<p>Operation of Sharepoint Enterprise Approval Process for authorisation of new income opportunities.</p> <hr/> <p>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.</p> <hr/> <p>Bid writing workshops for academic staff delivered routinely</p> <hr/> <p>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.</p>	I = 3 L = 2 High (6)	Shan Wareing Graeme Maidment	<p>Ensure financial model recognises the costs of managing risks to quality and the student experience</p> <hr/> <p>Development of bid management strategy for each School.</p>	01 Aug 2017 22 Dec 2016

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
495	Impact of Higher Apprenticeship degrees on existing recruitment markets	Pat Bailey	<p>Cause: The Introduction of Higher Apprenticeship degrees may present an opportunity for LSBU to grow student numbers in a new market.</p> <p>Effect: These degrees could cannibalise existing employer sponsored students. This represents a risk to existing income and markets. LSBU currently has c.4,000 students on part-time courses, majority employer-sponsored & initial estimations are that income from 1,400 students (£3.3m of surplus) could be affected.</p>	I = 3 L = 1 Medium (3)			Pat Bailey	Develop a financial model for the efficient running of Higher and Degree Apprenticeships , with funding mechanisms for student transfer from FE-HE.	28 Oct 2016
							John Baker	Oversee Internal Audit Review into administration of Apprenticeships.	28 Apr 2017
							Pat Bailey	Oversee 'launch' events, planned during 16/17 to raise the profile of IPTE at key points in the recruitment cycle.	31 Oct 2017



Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
457	Anticipated international & EU student revenue unrealised	Paul Ivey	<p>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.</p> <p>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.</p>	I = 2 L = 3 Medium (6)	<p>Regular reporting of Visa refusal rates to Director of Internationalisation by Immigration Team.</p> <hr/> <p>International Office runs annual cycle of training events with staff to ensure knowledge of & compliance with UKVI processes.</p> <hr/> <p>Recruitment Reports presented to each meeting of Ops Board.</p>	I = 2 L = 2 Medium (4)			

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
517	Impact of EU Referendum result on operating conditions & market trends	David Phoenix	<p>Cause: Following the vote to 'Leave', the Government is working towards a plan to extract the UK from the European Union. Whilst we appear to be a long way from the triggering of article 50, itself a 2 year process, the news of the outcome of the plebiscite has already seen impact in markets and international opinion.</p> <p>Effect: Staff impact: The outcome could impact on the ability of some existing staff to remain in the UK, and could impair the ability for future recruitment, both from Europe, and from other overseas territories. Recruitment impact: Currently EU students pay home fees & can access the UK student loan system. It is likely that higher fees and removal of this access will have a significant impact on the appeal of the UK to European applicants long term. Additionally the reporting of the Brexit outcome is having a negative impact on the reputation of the UK as a welcoming destination. These impacts on the sector could also cause changes in recruitment patterns at well-ranked institutions, which could have a negative impact on applicant pools elsewhere. Research Funding: Leaving the EU is likely to remove the ability of LSBU to partner in EU research projects, and access Horizon 2020 funding opportunities. Legislative Compliance: There could be additional administration cost in updating many EU compliant processes if regulations are amended. Impact on bond yields could affect year end pension liabilities.</p>	I = 3 L = 3 High (9)			David Phoenix	Continue to monitor closely, through UUK and other sector bodies, the potential impacts and responses.	31 Jul 2017
							Gurpreet Jagpal	Review bid development strategy in Research, and seek to find alternatives to offset any anticipated shortfalls from European sources.	31 Jan 2017
							Mandy Eddolls	Monitor situation with regard to employment law and right to work, and ensure that appointments are made in compliance with any changes to regulation.	28 Jul 2017

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
1	Failure to position LSBU to improve reputation & effectively respond to policy changes & shifts in competitive landscape	David Phoenix	<p>Cause:</p> <ul style="list-style-type: none"> - Changes to fees and funding models - Increased competition from Private Providers - TEF and Apprenticeship development - Failure to anticipate change - Failure to position (politically) - Failure to position (capacity/structure) - Failure to improve League Table position <p>Effect:</p> <ul style="list-style-type: none"> - Failure to recruit students - Failure to differentiate 	I = 4 L = 3 Critical (12)	<p>Ketchum appointed to advise LSBU on the ongoing changes to the political environment for higher education & its external communications in response to these changes.</p> <hr/> <p>Financial controls (inc. forecasting & restructure) enable achievement of forward operating surplus target communicated to Hefce in July Forecast.</p> <hr/> <p>Planning Performance & Assurance team provides Senior Managers with trend analysis and competitor benchmarking against KPIs</p> <hr/> <p>A horizon scanning report produced by the Policy Unit</p> <hr/> <p>Maintain relationships with key politicians/influencers, boroughs and local FE</p> <hr/> <p>Annual review of corporate strategy by Executive and Board of Governors</p>	I = 4 L = 1 High (4)			

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
362	Low staff engagement impacts performance negatively	Mandy Eddolls	Cause: <ul style="list-style-type: none"> •Bureaucracy involved in decision making at the University •Systems and structure do not facilitate teamwork between areas of 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 Effect: <ul style="list-style-type: none"> •Decreased customer (student) satisfaction •Overall University performance decreases •Low staff satisfaction results •Increased staff turnover •Quality of service delivered decreases 	I = 3 L = 3 High (9)	Cascade messages from Ops Board circulated for Cascade Meetings within each School & Professional Function.	I = 3 L = 2 High (6)	Markos Koumaditis	Complete progress review of University, School & PSG action plans.	28 Feb 2017
					Departmental Business Planning process		Jo Sutcliffe	Formal Launch of new Staff Intranet to all staff.	23 Jan 2017
					Direct staff feedback is encouraged through the "asktheVC@" email address and through feedback forms on intranet and 'developing our structures' microsite.		Cheryl King-McDowall	Conduct EES Pulse survey for key themes.	31 May 2017
					Scheduled Team meetings				
					Regular Business review meetings				

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
2	Revenue reduction if course portfolio, or related marketing activity and admissions process does not achieve Home UG recruitment targets	Ian Mehrtens	<p>Cause:</p> <ul style="list-style-type: none"> - 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 <p>Effect:</p> <ul style="list-style-type: none"> - Under recruitment - loss of income - Loss of HEFCE contract numbers - to 14/15 - Failure to meet related income targets - cost of legal challenge relating to CMA guidance 	I = 4 L = 3 Critical (12)	<p>Report on student applications is presented to every monthly meeting of Operations Board & reviewed by Board of Governors</p> <hr/> <p>Weekly Report linking student numbers to anticipated income levels circulated to Ops Board.</p> <hr/> <p>Advance predictions of student recruitment numbers informs the Annual five year forecast submitted to Hefce each July</p> <hr/> <p>Differentiated marketing campaigns are run for FTUG, PTUG and PG students on a semesterised basis.</p>	I = 4 L = 2 Critical (8)	Pat Bailey	Oversee Executive scenario planning activity, to explore growth opportunities within portfolio, and to consider action in the event of an income shortfall feeding into 5 year forecast models underpinning budget.	31 Mar 2017

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
3	Staff pension scheme deficit increases	Richard Flatman	<p>Cause:</p> <ul style="list-style-type: none"> - 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 - Impact of change from FRS17 to FRS102 - Further change to accounting requirements for TPS & USS schemes <p>Effect:</p> <ul style="list-style-type: none"> - 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 - Inability to plan for longer term changes 	I = 3 L = 3 High (9)	<p>Regular monitoring of national/sector pension developments and attendance at relevant conferences and briefing seminars</p> <hr/> <p>Annual FRS 102 valuation of pension scheme</p> <hr/> <p>Regular participation in sector review activity through attendance at LPFA HE forum, & UCEA pensions group by CFO or deputy.</p> <hr/> <p>Regular Reporting to Board via CFO Report</p> <hr/> <p>DC pension scheme for SBUEL staff.</p> <hr/> <p>Tight Executive control of all staff costs through monthly scrutiny of management accounts</p> <hr/> <p>Strict control on early access to pension at redundancy/restructure</p>	I = 3 L = 2 High (6)			

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
6	Management Information is not meaningful, reliable, or does not triangulate for internal decision or external reporting	Richard Flatman	Cause: - 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 Effect: - 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)	I = 3 L = 3 High (9)	Data Assurance Group meets to review matters of data quality and provides reports to Operations Board.	I = 3 L = 2 High (6)	Richard Duke	Launch MIO Phase 2 project with Ops Board Demonstration of dashboard functionality & data set availability.	31 Jan 2017
					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 language requirements - Reporting of absence or withdrawal Systematic data quality checks and review of key data returns prior to submission by PPA team. 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		Shan Wareing	Develop a specification for a new Student Record system, underpinned by configuration requirements and workflows.	29 Jul 2017

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
14	Loss of NHS contract income	Warren Turner	<p>Cause: NHS financial challenges/ structural change is resulting in a total review of educational commissioning by Health Education England with an expected overall reduction in available funding (affecting CPPD).</p> <p>Plus London Educational Contracts (pre-registration) are running out from Sept 2017 with students paying their own fees via student loan system.</p> <p>Recruitment to contracted programmes could dip following shift from bursaries to tuition fees.</p> <p>Applications numbers are down overall, but quality of applications generally higher.</p> <p>Effect: Reduction in income Reduced staff numbers Reduced student numbers</p>	I = 3 L = 3 High (9)	<p>Named Customer Manager roles with NHS Trusts, CCGs and HEE.</p> <hr/> <p>Monitor quality of courses (QCPM and NMC) annually in autumn (QCPM) and winter (NMC)</p> <hr/> <p>Support with numeracy and literacy test preparation.</p> <hr/> <p>Complete review in 2016/17 of all post-registration/ PG and CPPD courses and modules to ensure these remain leading edge and fit for the future. Review programmed to involve all stakeholders and to be employer driven.</p>	I = 3 L = 2 High (6)	Anthony Mcgrath	Increase formal progression/ access partnerships with FE colleges and establish FE partner health & social care network to increase supply chain for FE-entrants to pre-reg education	31 Dec 2016
							Sue Mullaney	Improve NSS participation & scores Develop action plans for Departments and School from results of 2015 NSS	28 Feb 2017
							Warren Turner	Plan for renewal of Havering lease in 2018/19 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.	31 Dec 2016
							Warren Turner	Grow into new markets for medical and private sector CPPD provision - include as part of Ipsos Mori bi-annual survey to identify workforce/ education requirements. Include these in CPPD course review	31 Dec 2016
							Sheelagh Mealing	Increase uptake in band 1-4 activity Support Trusts in seeking external (non NHS) funding Work with NHS partners to meet demand for apprenticeship programmes/ Foundation Degrees (esp around Assistant/ Associate Practitioner roles)	31 Mar 2017
							37	Affordability of Capital Expenditure investment plans	Richard Flatman
							Ian Mehrtens	Creation and submission of business case for wider estate development programme to MPIC Board Committee.	28 Feb 2017

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
			<ul style="list-style-type: none"> - Adverse financial impact - Reputational damage - Reduced surplus - Planned improvement to student experience not delivered - Inability to attract new students 		<p>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</p> <hr/> <p>Clear requirement (including authority levels) for all major (>£1m) capital expenditure to have Board approval</p> <hr/> <p>Major Projects & Investments Committee (MPIC) is a Board sub-committee with remit to review all property related capital decisions, and is empowered to approve all unplanned capital expenditure > £500K but <£1M.</p> <hr/> <p>Capex reporting routines established and embedded into regular updated financial forecasts & management accounts and regular Board reports.</p> <hr/> <p>LSBU Project methodology & Estates & Facilities Dept project controls, including Governance arrangements applied to all Capex projects.</p>				

Standard Risk Register



Risk Ref	Risk Title	Risk Owner	Cause & Effect	Inherent Risk Priority	Risk Control	Residual Risk Priority	Person Responsible	Action Required	To be implemented by
305	Student & corporate data not accessed and stored securely or appropriately	Ian Mehrtens	<p>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)</p> <p>Effect: Reputational damage, regulatory failure, undermining of academic credibility or compromise of competitive advantage.</p>	I = 3 L = 2 High (6)	Responsibility for control over data protection risks at an institutional level allocated to Director of ARR (Academic Related Resources)	I = 3 L = 2 High (6)	Craig Girvan	Deliver project to ensure mandatory training is delivered to staff via ICT log on, to include data security awareness.	29 Jan 2016



	CONFIDENTIAL
Paper title:	Finance and Management Information (FMI) structure and leadership team
Board/Committee	Audit Committee
Date of meeting:	7 February 2017
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 the Committee notes the report.

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

Executive Summary:

The FMI functional structure and senior leadership team charts are attached for information.

For 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 consistent financial and non-financial information
- Provide a range of assurance services covering for example risk management, value for money and data assurance, and
- Manage the internal and external audit functions

There has been a key change in FMI structure since the last report to Committee in February 2016. Now that the new structures have had time to bed in, we have taken the opportunity to review again some areas which on reflection were better placed in other areas outside FMI. We have also taken the opportunity to recommend other staff moving into FMI to enable a joined up service provision in the areas of planning and information. As a result:

- The Business Intelligence Unit (BIU) has transferred from the Executive Office to FMI
- Appeals and Academic Misconduct has moved from FMI to the Legal team (within the Executive Office)
- The Exams and Conferments Team has moved to Academic Quality. This includes the update of awards; issue of certificates; archives; together with timetables, papers and invigilation for exams delivery

The key change is the move of BIU into FMI and the creation of a new Planning, Performance and Assurance (PPA) unit led by Richard Duke.

Why was this change necessary?

The FMI vision is as follows:

Delivering efficient and responsive services to students and staff and driving student success and improved financial performance through the provision of appropriate, consistent and accurate information.

The creation of FMI through the integration of Finance and Registry (and the HSC data team) has helped deliver this vision through a much more detailed understanding of the relationship between student numbers and income flows. At a time when there is significant pressure on numbers this is a real advantage. It has also helped ensure consistency in strategic planning, internal reporting and external returns. However, although the teams are better aligned, there was no standard reporting mechanism to pull the information from the teams together and a vast amount of data still goes unused and linkages between data sets remain unexplored.

With the BIU located in a separate PSG there was confusion regarding responsibility for the wider provision of information. The initial role of the BIU was to focus on league tables but their emphasis more recently has been on data analysis, data quality and the dashboard for corporate performance reporting. All fit closely with the stated vision of FMI and indeed in most cases are core responsibilities of FMI. The BIU also leads the triangulation of external data returns which supports the FMI vision for consistent and accurate information. At the outset it was felt that having the BIU outside FMI would enable independent assurance and validation in terms of key data returns. However, leadership for other independent assurance mechanisms regarding FMI processes also reside within FMI e.g. the internal audit process which has a key role in providing assurance over a wide range of financial and registry controls. The benefits to be gained by bringing the BIU into FMI far outweighed any potential loss in terms of independence.

For 2016/17 FMI identified that one of its key challenges is to move the organisation away from historic lagging data sets to future looking 'leading' indicators which could be used to influence decision making. This shift from historic to predictive data sets can only be achieved by the development, maintenance and on-going iteration of the performance dashboard. The move of BIU to FMI underpins the success and speedy implementation of this dashboard.

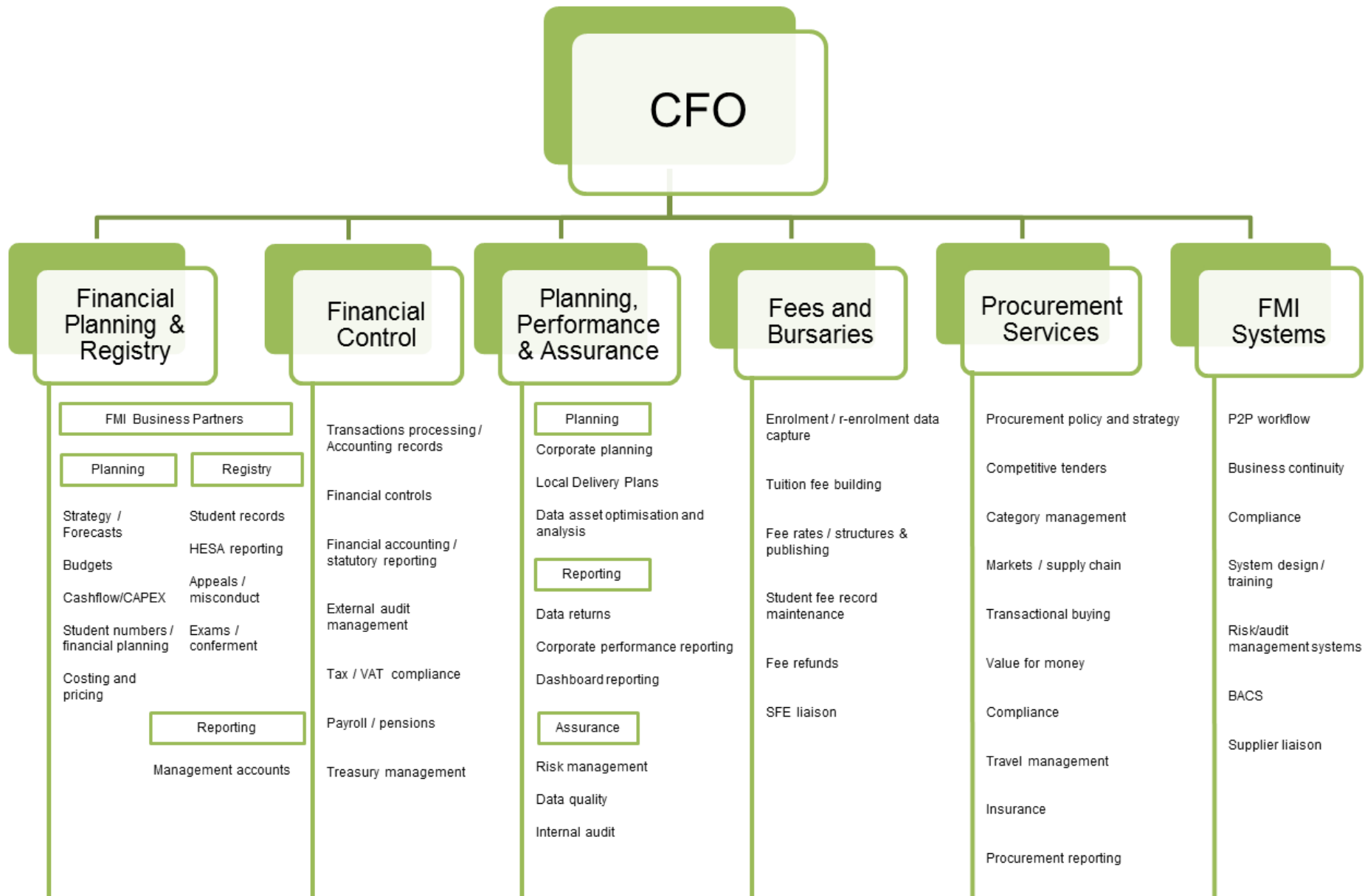
The objectives and local actions in the current LDPs need further work to be written in the format 'from X to Y by when' in order to drive performance. We have already agreed that the LDPs need to be rewritten but what was also required was a change in the culture of the organisation with regard to accountability and performance management. For that culture change to happen there needs to be accountability within the University for Performance and achievement underpinned by confidence and consistency in the metrics produced by FMI and BIU. It was our opinion that this could best be driven by a single team.

To summarise, the advantages of the new PPA team within FMI are as follows:

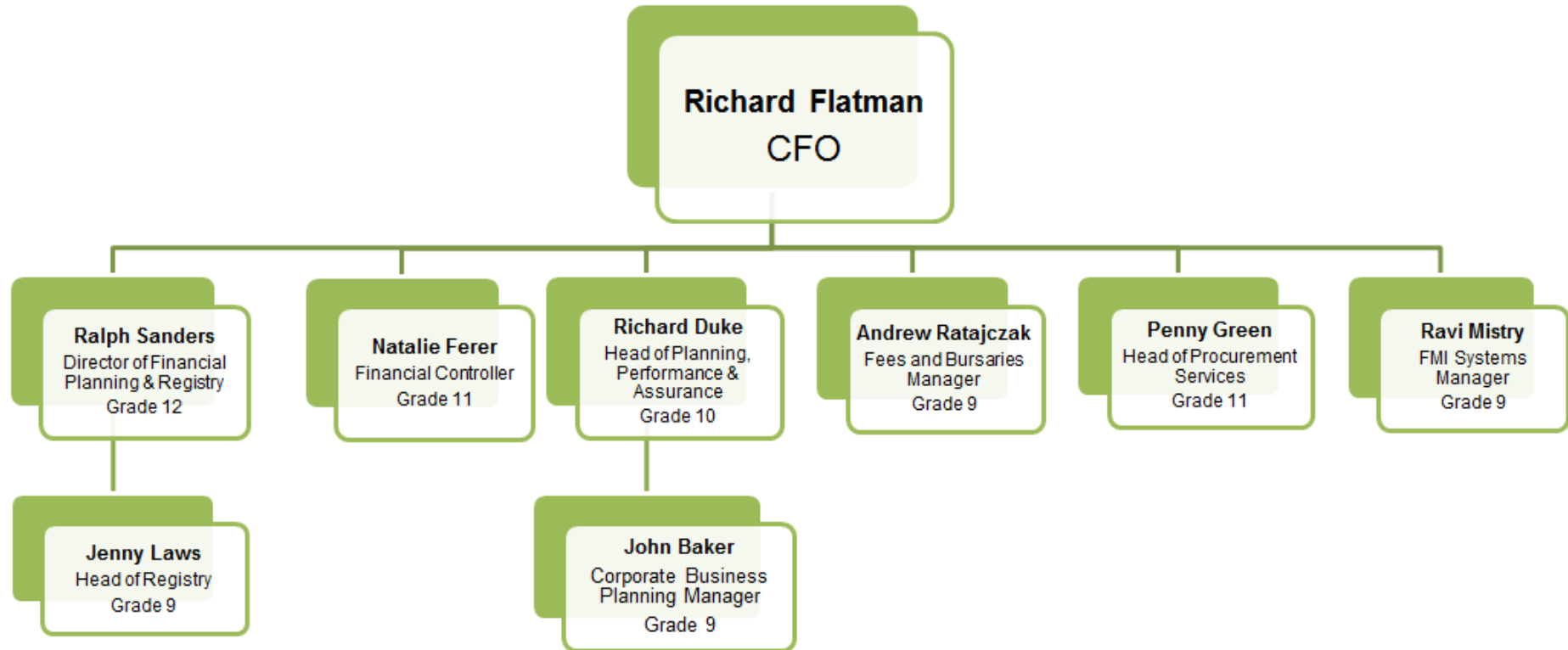
- Single focus and lead for planning, performance and accountability
- Ensuring Internal plans are made with reference to the external environment and with regard to TEF outcomes, potential league table and subject level league table performance
- The development, implementation and ongoing maintenance of the Performance dashboard becomes part of the CFO's regular review
- Agreement on common goals and priorities
- One source of information for the Executive, Schools and PSG's to ensure confidence and consistency in response with 'one version of the truth'
- Joined up approach on data quality and data governance
- Co-operation between Financial Planning and PPA in terms of changes to data structures and the implications of data definitions
- Ability for BIU to mine data and identify key leading indicators in Finance, Registry & HSC data sets that can identify key actions required to move lagging indicators and improve the TEF position
- Linking planning, risk management, performance management, internal control and data quality and a range of other "assurance" services
- Ensuring the former BIU team has a clearer career path within the University.

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.



Finance and Management Information
Management Team



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	CONFIDENTIAL
Paper title:	TRAC return – background information
Board/Committee	Audit Committee
Date of meeting:	7 February 2017
Purpose:	Information

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 2015/16.

The TRAC return will follow this pack of papers.

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	CONFIDENTIAL
Paper title:	Anti-Fraud , bribery and corruption report
Board/Committee	Audit Committee
Date of meeting:	7 th February 2017
Author:	Natalie Ferer
Executive/Operations sponsor:	Richard Flatman – CFO
Purpose:	To report on any instances of Fraud, Bribery, Corruption or Money Laundering
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Compliance
Recommendation:	That the Committee notes this report

Matter previously considered by:	Audit committee	At each meeting
Further approval required?	n/a	On:

Summary

Since the last report there is nothing to report

Recommendation

That the Committee notes this report.

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	CONFIDENTIAL
Paper title:	Speak up report
Board/Committee	Audit Committee
Date of meeting:	7 February 2017
Author:	Michael Broadway, Deputy University Secretary
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.

Executive Summary

At the committee's November meeting meeting the Chair provided an update on the speak up matter which had been raised in July 2016 regarding the Halls of Residence restructure. After investigation, this matter has been closed by the Chair concluding, "there is no evidence of direct or indirect age discrimination arising from the change proposal process".

An additional speak up matter on the Halls of Residence was raised on 26 October 2016. An investigation has been undertaken by HR and no evidence of unfairness by management was found.

Two additional speak up matters have been raised in January 2017. The Chair will provide an update at the meeting.

The committee is requested to note the report.

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	CONFIDENTIAL	
Paper title:	Anti-Money Laundering Plan	
Board/Committee	Audit Committee	
Date of meeting:	7 February 2017	
Author:	Natalie Ferer and Antonia Goodyer	
Executive/Operations sponsor:	Richard Flatman and James Stevenson	
Purpose:	To put in place guidance for the staff as to the rules and responsibilities around anti money laundering legislation.	
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Strategic Enabler - clearly identified responsibility for performance and processes with delegated authority to staff wherever possible. Efficient: streamlined and efficient processes	
Recommendation:	Audit Committee is requested to note the proposed policy and recommend that this forms part of the University's Financial Regulations.	
Matter previously considered by:	Executive	1 February 2017

Executive summary

The University has recently sought legal advice to clarify its responsibilities in respect of money laundering legislation. The advice indicated that whilst universities are not subject to the Money Laundering Regulations, it is possible for individuals in any organisation to commit offences under the Proceeds of Crime Act 2002 and the Terrorism Act 2000. In order to: protect staff from the possibility of committing a criminal offence; to protect the University's assets; and to minimise the likelihood of any reputational risk, we recommend adoption of reasonable provisions to make staff aware of the risks and to put in place procedures to highlight and report instances where they may be a higher risk of criminal activity.

Anti-Money Laundering Plan	
Originating Department:	FMI
Enquiries to:	Natalie Ferer – Financial Controller
Version No:	1
Date:	January 2017
Target Audience:	FMI staff, staff involved in money collections and staff with delegated budget responsibility
Brief Summary of Purpose:	This plan sets out the procedure to be followed if money laundering is suspected, and defines the responsibility of both the University and individual employees in the process.

1. Background

The University is aware that there is a risk that it could be used as a target by those engaged in money laundering. Additionally, staff in any organisation may commit offences under the Proceeds of Crime Act 2002 and the Terrorism Act 2000 (with serious potential criminal penalties) and therefore the University is keen to ensure that its staff do not unwittingly commit such offences and provide guidance and training to staff where appropriate.

2. Potential Offences

There are two key offences under the Proceeds of Crime Act 2002 that University staff should bear in mind:-

(a) A person commits an offence if he or she enters into or becomes concerned in an arrangement which he or she knows (or suspects) facilitates (by whatever means) the acquisition, retention, use or control of "criminal property" by or on behalf of another person.

(b) A person commits an offence if he or she acquires, uses or has possession of criminal property. There is a specific defence to this offence that the person receives the criminal property as payment for goods or services, which would be the case in relation to tuition fees. However, this defence would not apply where money is received as a donation.

Property received by the University is "criminal property" if it constitutes a person's benefit from criminal conduct or it represents such a benefit (in whole or part and whether directly or indirectly); and a member of staff knows (or suspects) that it constitutes or represents such a benefit.

There is a similar money laundering offence under the Terrorism Act 2000, if a person enters into or becomes concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property. It is a defence to prove that the person did not know and had no

reasonable cause to suspect that the arrangement related to terrorist property.

3. Measures the University has taken to prevent money laundering offences from being committed

- The University will provide training to all staff handling payments into or from the University's or its subsidiary's bank accounts or dealing with potential new relationships for the University on recognising potential money laundering.
- The University carries out enhanced identity checks and verification if particular risk factors are present, such as that the payment relates to a high risk jurisdiction, politically exposed persons or if there is any suggestion of secrecy in relation to any transaction.

4. Warning Signs in relation to Money Laundering

The following list is not exhaustive but gives some indication of particular warning signs which may give rise to a suspicion of money laundering or other financial crime:-

- Involvement of a high risk jurisdiction;
- Payment of substantial sums in cash;
- Doubts about the honesty, integrity, identity or location of the people involved;
- Involvement of a third party without logical reason or explanation;
- Overpayments and/or requests for refunds without a good reason;
- Significant changes in the nature of transactions with a student (or person paying fees on behalf of a student) or with a donor that is without reasonable explanation, for example if payment start to be made from a different jurisdiction; and
- Cancellation, reversal or requests for refunds of earlier transactions.

5. Reporting suspicious transactions

Any reports of suspicion of money laundering should be sent to the University's Financial Controller who will consider whether a report needs to be made to the National Crime Agency. Any reports should be made using the Money Laundering Reporting Form at the end of this procedure to report this concern, giving as much information as possible, in writing and without delay. The University's Financial Controller, in consultation with the University Solicitor if appropriate, will consider internal reports and make an external report as soon as practicable if he or she considers that there is knowledge, suspicion or reasonable grounds for knowledge or suspicion that another person is engaged in money laundering or that terrorist property exists. This applies even if no transaction is to take place.

It is a criminal offence for anyone, following disclosure to the Financial Controller or to the NCA, to do or say anything that might either "tip-off" another person that a disclosure has been made or prejudice an investigation.

A brief report in relation to money laundering suspicions will be presented to Audit Committee at each meeting as part of the University's Anti-Fraud reporting procedures and to HEFCE as appropriate.

6. Record Keeping

The University will keep a record of suspicions in relation to money laundering or terrorist property reported to the Financial Controller for 6 years from the date of report. All enquiries that are made within the University in relation to the report will also be recorded for the same time.

7. Refunds

Refunds are considered to be a particular area of money laundering risk for Universities. Where refunds are requested (in relation to tuition fees or other payments), staff should be aware of the following particular risk areas:

- An unexplained overpayment is followed by a request for a return of funds;
- A third party requests the refund to be made to an account that is not the same one that was used to make the original payment to the University; and
- Fees have been paid in advance by or on behalf of an overseas student who is then refused a visa, particularly if the student is resident in a jurisdiction that is perceived to have a lower standard of anti-money laundering regulation or measures to prevent corruption. In these circumstances, it is prudent to require documentary evidence of the circumstances before agreeing to a refund.

Refunds should, wherever possible, be made to the account from which the original payment was made and this means that the University will need to keep adequate records of the source of funds it receives. It should never be assumed that the student themselves is entitled to a refund where the original payment came from a third party.

8. Cash payments

The University's Financial Regulations prohibit the acceptance of cash payments. The current single cash transaction limit for the University is the sterling equivalent of €15,000, translated at the most recent rate published by the Financial Times.



CONFIDENTIAL - Suspected Money Laundering Reporting Form

Please complete and send this (in a physical format) to the Financial Controller using the details below

From:	School/Service:
Contact Details :	
DETAILS OF SUSPECTED OFFENCE [Please continue on a separate sheet if necessary]	
Name(s) and address(es) of person(s) involved, including relationship with the University:	
Nature, value and timing of activity involved:	
Nature of suspicions regarding such activity:	
Details of any enquiries you may have undertaken to date:	
Have you discussed you suspicions with anyone? And if so, on what basis?	
Is any aspect of the transaction(s) outstanding and requiring consent to progress?	
Any other relevant information that may be useful?	
Signed:	Date:
<p><i>Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment and/or an unlimited fine.</i></p>	

Financial Controller contact details: Contact name, Job title, Address, Phone number

Financial Controller Report (to be completed by Financial Controller only)			
Date report received: / /		Date receipt of report acknowledged: / /	
Consideration of Disclosure: [Please continue on a separate sheet if necessary]			
Action plan:			
Outcome of consideration of Disclosure:			
Are there reasonable grounds for suspecting money laundering activity?			YES/NO
If there are reasonable grounds for suspicion, will a report be made to the SOCA?			YES/NO
If <u>yes</u> , please record the date of report to SOCA and complete the details below: Date of report: / / Details of liaison with the SOCA regarding the report: Notice Period: to Moratorium Period: to			
Is consent required from the SOCA to any ongoing or imminent transactions that would otherwise be prohibited acts? If <u>yes</u> , please confirm full details below:			YES/NO
Date consent received from SOCA:			/ /
Date consent given by you to employee:			/ /
If there are reasonable grounds to suspect money laundering, but you <u>do not</u> intend to report the matter to the SOCA, please set out below the reason(s) for non-disclosure:			
Date consent given by you to employee for any prohibited act transactions to proceed:			/ /
Signed		Date:	/ /
THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS			



Paper title:	Committee business plan, 2016/17
Board/Committee	Audit Committee
Date of meeting:	7 February 2017
Author:	Michael Broadway, Deputy University Secretary
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.

	Feb	June	Sept	Nov
Anti-bribery policy review				x
Audit Committee, Annual Report to Board and VC				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 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
Charity compliance		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 audit tender			x	

External auditors - consider policy in relation to non-audit services				x
Finance and Management Information (FMI) structure and leadership team	x			
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		x (indicative)	x	
Risk Register	x	x	x	x
Risk strategy and appetite			x	
TRAC return to HEFCE to be ratified	x			
TRAC(T) return to HEFCE to be ratified		x		
Value for money report, annual				x

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	CONFIDENTIAL
Paper title:	Audit Committee effectiveness review
Board/Committee	Audit Committee
Date of meeting:	7 February 2017
Author:	Michael Broadway, Deputy University Secretary
Board sponsor:	Steve Balmont, Chair of the Audit Committee
Purpose:	Information
Which aspect of the Strategy/Corporate Delivery Plan will this help to deliver?	Committee effectiveness
Recommendation:	The committee is requested to note the proposed self assessment method

Matter previously considered by:	N/A	N/A
Further approval required?	Self assessment findings	On: 8 June 2017

Executive Summary

Following best practice and HEFCE recommendation the audit committee regularly reviews its own effectiveness. The last review of effectiveness was done as part of the governance effectiveness review which reported in May 2015.

The Chair proposes to do a light touch self assessment review using KPMG's Audit Committee Institute's self assessment guide as a basis for the review.

Committee members will be asked to respond to the survey. The governance team will collate and analyse the responses and will report to the June 2017 audit committee meeting.

The committee is requested to note.

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