

**Minutes of the meeting of the Group Audit and Risk Committee
held at 4.00 pm on Tuesday, 1 October 2019
Technopark, SE1 6LN**

Present

Duncan Brown (Chair)
John Cole
Mark Lemmon
Rob Orr

In attendance

Michael Broadway
Natalie Ferer
Richard Flatman
David Phoenix
James Stevenson
Justin Martin
Amy Chiu
Fleur Nieboer
Jack Stapleton
Ruth Ireland

1. Welcome and apologies

The Chair welcomed members to the meeting.

2. Declarations of interest

No interests were declared on any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the meeting of 13 June 2019, with a slight amendment and their publication with redactions in minute 15.

4. Matters arising

All matters arising were covered on the agenda of the meeting.

The committee noted the update on actions taken since the internal audit report on procurement.

5. Draft Group Audit terms of reference

The committee discussed revised draft terms of reference to reflect its role in relation to the LSBU Group. The committee will have a group-wide remit and South Bank Academies and South Bank Colleges will continue to have audit committees to oversee local audit matters. The agreed principles would help inform the approach for other committees.

The committee noted its proposed name change to “Group Audit and Risk Committee”.

The committee recommended its revised terms of reference to the Board for approval.

6. **South Bank Academies risk management and Value for Money (VfM) audit report**

The committee noted the internal audit report on risk and value for money in SBA which was rated as ‘medium’ risk. The SBA audit committee would consider the report in detail.

7. **Student data continuous audit follow up report**

The committee discussed the internal audit report on student data which was rated as ‘medium’ risk. The committee noted that the number of exceptions was largely due to the number of manual processes which is being addressed by Project LEAP.

The committee noted that it received a separate annual report on data quality assurance processes and that management were confident that the number of exceptions in the internal audit report would not materially impact the quality of external data returns.

8. **GDPR compliance update**

The committee noted an update on the high risk internal audit report dated June 2019 into GDPR compliance. The committee welcomed the progress made against management actions. The committee also noted a summary of actions taken in 2018 against the PwC readiness assessment test.

A final follow up report would be brought to the meeting on 7 November 2019 on implementation of management actions. The committee would continue to receive any updates on any notifiable events to the Information Commissioner’s Office.

The Vice Chancellor referred to the establishment of an internal group compliance unit to prioritise areas for action.

9. **Draft internal audit annual report, 2018/19**

The committee discussed the draft internal audit annual report 2018/19. The final report would be considered at the meeting of 7 November 2019.

The committee welcomed the draft audit opinion that “governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory. However, there are some areas of weakness or non-compliance in the framework of governance, risk

management and control or value for money arrangements which potentially put the achievement of objectives at risk”.

The committee noted PwC’s opinion that whilst there were three ‘high risk’ reports these reflected specific risk areas that do not reflect the overall control environment and that any deterioration in core financial control may affect a future opinion.

The committee thanked PwC for their work as internal auditors.

Justin Martin and Amy Chiu left the meeting

10. Internal Audit Strategy, 2019/20

The committee discussed BDO’s presentation of the final internal audit strategy, 2019/20, a draft of which had been discussed in detail at its meeting of 13 June 2019.

The plan was for 206 days, reflecting the move to auditing the whole LSBU group. The committee queried how research was covered, and was advised that this was a six day review of REF preparation.

The committee approved the audit strategy, subject to the SBA and SBC audit committees approving the proposed audits for SBA and SBC respectively.

11. Internal audit progress report

The committee noted the internal audit progress report.

12. External audit progress report and technical update

The committee noted the external auditor’s progress report.

The committee noted the update on the OfS accounts direction for 2018/19 which was unchanged from 2017/18 accounts direction. The committee noted that LSBU intended to adopt early the requirement from the 2019/20 draft accounts direction to not include agency staff in the median pay ratio.

The committee noted the Data Security and Protection Toolkit requirements with NHS Digital.

The committee approved KPMG’s KPIs for the 2018/19 audit.

The committee noted the sector benchmarking data on risk register and financial statements.

13. Pension assumptions and results

The committee noted the external actuarial assumptions used for the FRS102/IAS19 pension fund disclosures as at 31 July 2019.

The external auditors confirmed that the assumptions were within the sector benchmark. The committee approved the assumptions in principle, subject to final confirmation by the external auditors that the assumptions were within the sector benchmark.

14. 2019/20 Group Risk Policy Approach

The committee noted and supported the approach to group risk management and reporting, with more detail at the next meeting.

15. Corporate risk update

The committee discussed the corporate risk register and requested the executive to review whether a risk around 'research quality' is added and whether the medium risk rating of risk 305 "Data not used / maintained securely" is appropriate.

16. Anti fraud bribery and corruption report

The committee noted the anti-fraud, bribery and corruption report.

17. Speak up report and annual policy review

The committee noted the speak up report and approved the revised Group Speak Up policy, subject to minor amendments.

18. OfS compliance

The committee noted the update on OfS compliance and that guidance from the OfS on 'reportable events' was awaited.

The committee noted the matters that had been reported to the OfS.

19. Audit Committee business plan

The committee noted the Audit Committee business plan.

20. Matters to report to the Board following the meeting

The committee requested that the following matters are reported to the Board: PwC's annual opinion, an update on the speak up policy, OfS compliance and revised terms of reference for approval.

**Date of next meeting
4.00 pm, on Thursday, 7 November 2019**

Confirmed as a true record

..... (Chair)