

**Minutes of the meeting of the Audit Committee  
held at 4.00 pm on Tuesday, 5 February 2019  
1B16 - Technopark, SE1 6LN**

**Present**

Duncan Brown (Chair)  
Steve Balmont  
Shachi Blakemore  
Mee Ling Ng  
Rob Orr

**In attendance**

David Phoenix  
Natalie Ferer  
Richard Flatman  
Paul Ivey  
James Stevenson  
Askari Jafri  
Justin Martin  
Amy Chiu  
Fleur Nieboer  
Jack Stapleton (KPMG)

**1. Welcome and apologies**

The Chair welcomed members to the meeting. No apologies had been received.

The Chair welcomed Rob Orr to his first meeting as a co-opted member of the committee.

The committee agreed to discuss the SBA external audit report immediately after its discussion on the SBA internal audit report.

**2. Declarations of interest**

Mee Ling Ng declared an interest in the Lambeth College audit arrangements (minute 19 below) due to her appointment on the South Bank Colleges Board. The committee confirmed Ms Ng's declaration to be a standing item for future committee meetings.

David Phoenix declared an interest in Lambeth College audit arrangements (minute 19 below) due to his roles as both director of South Bank College and Accounting Officer.

Shachi Blakemore declared an interest in Lambeth College audit arrangements (minute 19 below) as her firm (Buzacott) has audited Lambeth College accounts in the past.

Richard Flatman and James Stevenson declared an interest in the SBA internal audit and external audit reports (minutes 6 and 7 below) due to their current roles as directors of the Multi Academy Trust (MAT).

**3. Minutes of the previous meeting**

The committee approved the minutes of the meeting of 8 November 2018 with minor amendments.

**4. Matters arising**

The committee noted the matters arising. The outstanding action relating to ICT risk diagnostic is linked to the work being undertaken on the LEAP project and is scheduled to be completed in March 2019.

**5. Internal audit progress report**

The committee discussed the internal audit progress report from PricewaterhouseCoopers (PwC).

The committee noted the internal auditors had completed 46% of the internal audit plan and a further update will be provided at the June 2019 meeting. PwC confirmed the current 50% implementation rate is a challenge and revised completion dates were noted. In addition, Professor Ivey provided an update on the 3 outstanding actions in relation to International Partnership arrangements.

PwC confirmed that it would provide the annual assurance update for the September 2019 meeting.

**6. SBA internal audit report**

The committee discussed the South Bank Academies (SBA) internal audit report for 2018/19. The Vice Chancellor explained the capability challenges faced by SBA in previous financial years. The committee noted various legacy issues had contributed to the high risk finding in the report. The change of management structure and the appointment of a new senior business manager are addressing these issues.

The committee queried its role in the oversight of SBA's internal audit, noting that LSBU is a sponsor and member of SBA and that SBA has an independent board of directors and its own audit committee. The committee noted that the report had been included on this agenda for the purpose of transparency and because of the potential reputational risk to LSBU.

The committee considered the risk of the SBA business manager leaving their post and it was confirmed there are plans in place to ensure more than one individual has oversight over an area.

The committee expressed its concern about the number of high risk findings, noting 12 actions out of 21 have been implemented. The committee requested an update on progress from SBA's audit committee in implementing the remaining actions at its next meeting.

**7. SBA external audit report**

The committee discussed and noted the report, further to the wider discussion in minute 6.

The committee noted the progress of the SBA external audit and it was confirmed 9 out of 14 actions have been implemented to date.

*Professor Ivey left the meeting.*

**8. External audit progress report**

The committee noted the external audit progress report from KPMG following conclusion of the 2017/18 audit. Updates on the Statement of Recommended Practice (SoRP) 2019 were noted.

The committee noted the potential future financial accounting challenges regarding the changes to accounting for leases.

**9. Corporate Risk**

The committee noted the corporate risk register.

The committee noted the work to align the risk and corporate planning process currently underway and an update will be provided for the next meeting in June 2019.

**10. Brexit risk register**

The committee discussed the "no deal" Brexit risk register and the potential impact of Brexit on the University and current actions at an operational level.

The executive would consider the potential impact on assumptions in the 5 year plan.

**11. Data assurance report**

The committee noted the external return assurance processes and data quality governance processes as outlined in the report.

The committee noted all external returns now have detailed formal processes and good progress has been made on the data quality governance processes with the future challenge being incorporating cross-institutional processes.

The planning team would now assess the processes for returns in both MAT returns and Lambeth College/SBC.

## 12. **Financial Regulations**

The committee noted and approved the changes to the Financial Regulations.

The committee noted the £50k figure stipulated under section 12.4 relates to the point Procurement is engaged.

## 13. **TRAC return to the OfS**

The committee noted the yearly TRAC return and the submission to the OfS, with no significant variation compared with previous year.

The committee ratified the TRAC return, subject to Shachi Blakemore's confirmation of review.

*[Secretary's note: Ms Blakemore has confirmed she has reviewed the TRAC return and the return is subsequently ratified by the Committee]*

## 14. **FMI Structure and leadership team**

The committee noted the current Finance and Management Information (FMI) structure. The committee further noted the changed structure with Ralph Sanders and Natalie Ferer taking on operational responsibility for leadership of FMI.

PwC requested for the internal audit function to be included in the FMI structure and it was agreed this will be included, with Natalie Ferer to coordinate.

The committee further noted the impending departure of the Director of Procurement.

## 15. **GDPR compliance update**

The committee noted the update on compliance with GDPR, including the focus on data-sharing within different entities in the Group as well as the reported breaches to the ICO.

The committee noted that work in compliance with GDPR continues according to the action plan agreed by the executive. An update will be provided for the meeting in June 2019.

PwC confirmed that an aspect of GDPR compliance would be added to the next internal audit work plan.

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

The committee noted that there were no incidents reported.

17. **Speak up report**

The committee noted the speak up report, with confirmation no new speak up issues have been raised.

The committee also requested confirmation on the reporting lines for safeguarding issues, including Prevent.

18. **Audit committee business plan**

The committee noted the plan and requested a rolling 12 month business plan in the future. It was further noted Group reporting will be reviewed as part of the Governance Effectiveness Review in the first half of 2019.

*Justin Martin, Amy Chiu, Fleur Nieboer and Jack Stapleton left the meeting.*

19. **Lambeth College Audit Arrangements**

The committee discussed the proposed appointment by LSBU (as member) of KPMG LLP as external auditors for the accounts of Lambeth College up to 31 January 2019 (the date of dissolution of the FE Corporation and transfer of undertakings to SBC).

The committee noted the £1m liability cap referred to in the letter of engagement and asked for clarification. The committee approved the appointment of KPMG, subject to confirmation on the liability cap.

20. **Appointment of Internal Auditors (to recommend to the Board)**

The committee approved the recommendation to the Board for the appointment of BDO as the new internal auditors of LSBU Group.

The committee noted their thanks to Duncan Brown and Steve Balmont for their help in the appointment process.

21. **Any other business**

The committee noted that this would be Shachi Blakemore's final audit committee meeting as she is due to stand down as a governor in March 2019. The committee thanked Ms Blakemore for her valuable contributions to the committee over the past 4 years and wished her well for the future.

No further issues were raised.

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

The committee noted the matters to report to the Board are:

- A summary of SBA to report further actions required
- Lambeth College audit arrangements
- Appointment of internal auditors.

**Date of next meeting**  
**4.00 pm, on Thursday, 13 June 2019**

**Confirmed as a true record**

..... (Chair)