

**Minutes of the meeting of the Audit Committee  
held at 4.00 pm on Thursday, 4 October 2018  
1B16 - Technopark, SE1 6LN**

**Present**

Steve Balmont (Chair)  
Duncan Brown  
Mee Ling Ng

**Apologies**

Shachi Blakemore  
Fleur Nieboer

**In attendance**

David Phoenix  
Richard Flatman  
James Stevenson  
Natalie Ferer  
Joe Kelly  
Justin Martin  
Lucy Gresswell  
Amy Chiu  
Jack Stapleton  
David Mead (*for minute 5*)  
Markos Koumaditis (*for minute 8*)  
Lisa Upton (*for minutes 6 & 8*)

**1. Welcome and apologies**

The Chair welcomed members to the meeting. In particular, the Chair welcomed Jerry Cope, Chair of the Board of Governors, who would be observing the meeting. The Chair also welcomed Amy Chiu, a new member of the PwC internal audit team. The Chair thanked Lucy Gresswell (PwC) for her work with LSBU and the Audit Committee.

**2. Declarations of interest**

All auditors declared an interest in item 11. No other interests were declared on any item on the agenda.

**3. Minutes of the previous meeting**

The committee approved the minutes of the meeting of 7 June 2018, with minor amendments, and their publication.

**4. Matters arising**

No.14 The committee noted the revised Letter of Engagement had been received.

No.17 The committee noted that the spike in written-off debt in 2010/11 had been due to an unusually high level of self-paid fees and associated instalment pay plans.

Minute 7, UKVI: The committee noted there are no ongoing issues and new processes continue to be implemented.

**5. ICT risk diagnostic progress report - update**

The committee requested a review of risks and associated actions and that the paper be returned to the next meeting.

**6. Student Data update**

The committee noted the update from the Head of Registry.

The committee noted that an Ofsted inspection for levels 4 & 5 Apprenticeships was expected in the near future.

The committee requested an update at its next meeting.

**7. Internal audit progress report**

The committee discussed the internal audit progress report from PwC. The 2017/18 programme was complete. Work had begun on the 2018/19 programme.

**8. Internal audit reports**

The committee noted the following internal audit reports:

- Key Financial Systems: good progress agreed
- Student Data (continuous audit)
- IT technical roadmap (to be considered in the context of minute 5)
- HR audit: there were no questions for the Acting Director of HR
- Risk management

**9. Internal audit annual report 2017/18**

The committee discussed the draft internal audit annual report 2017/18. The final report would be considered at the meeting of 8 November 2018.

The auditors agreed to insert wording reflecting the progress made on international partnerships.

The committee noted the draft audit opinion that the “governance, risk management and control, and value for money arrangements were generally satisfactory. However, there are some areas of weakness in the framework of

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

*Justin Martin and Lucy Gresswell left the meeting*

**10. Internal audit charter**

The committee noted the internal audit charter which sets out the framework within which the internal audit activity is conducted at LSBU.

The committee noted the audit plan 2018/19 which sets out the priorities and timeline, and includes South Bank Academies Trust.

**11. External audit progress report**

The committee noted the external auditor’s progress report.

The committee noted that preparations for meeting OfS requirements in respect of senior staff remuneration were in progress.

**12. Pensions assumptions**

The committee approved the assumptions used for the FRS102/IAS19 pension fund disclosures as at 31 July 2018.

The external auditors confirmed that the assumptions were within the sector benchmark. The committee requested that the assumptions are reviewed prior to the finalisation of the accounts taking account of materiality.

**13. Corporate Risk**

The committee discussed the corporate risk register ahead of the annual detailed review by the Board.

The committee noted the potential reduction of the student recruitment risk (risk 2), given the positive progress made this year, and the potential increased rating around capital expenditure risk with regard to delivering longer term estate ambitions.

**14. Risk strategy and appetite**

The committee recommended the risk appetite statement to the board for approval. The committee approved the revised risk strategy and operating procedures.

15. **Internal controls annual review of effectiveness**

The committee noted the first draft of the internal controls annual review of effectiveness. A final version will be presented at the committee's next meeting on 8 November 2018.

16. **Audit committee annual report**

The committee noted the first draft of its annual report. The required reference to the Student Loan Company was included. A final version will be presented at the committee's next meeting on 8 November 2018.

17. **Draft corporate governance statement 2017/18**

The committee noted the first draft of the corporate governance statement 2018/18. A final version will be presented at the committee's next meeting on 8 November 2018. Links to source documents will be provided.

18. **Strategic report (AR&A)**

The committee noted the first draft of the strategic report. A final version will be presented at the committee's next meeting on 8 November 2018.

19. **Draft public benefit statement 2017/18**

The committee approved the draft public benefit statement, as required for all charities, subject to necessary amendments.

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

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

No instances of fraud, bribery or corruption had been identified since the previous meeting.

21. **GDPR compliance update**

The committee noted the GDPR compliance report.

The committee requested the GDPR report to be a standing item.

22. **Speak up report**

The committee noted that no Speak Up matters were reported.

23. **Audit committee business plan**

The committee noted the Audit Committee business plan, to be adapted as entities join the Group.

**24. Audit Committee TOR & membership**

The committee noted the Audit Committee terms of reference and membership.

The committee noted Steve Balmont would step down as Chair of the committee on 31 December 2018 (but continuing as a member) and Duncan Brown would become Chair of the committee as of 1 January 2019.

The committee noted the need for additional members and requested a skills matrix of required skills and experience.

The committee noted that a review of the terms of reference would take place once Group operations were formally in place.

**25. Internal audit tender**

*The auditors left the meeting*

The committee discussed the internal audit tender.

The committee requested management to review the weighting given to price, and that the process supports clarifying the quality of service to be provided and the staff who would be assigned to the contract.

The committee noted the executive should actively manage any conflicts of interest between PwC's role as internal auditor (until July 2019), and its role as LEAP partner.

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

Matters were agreed with the Chair.

**Date of next meeting  
4.00 pm, on Thursday, 8 November 2018**

**Confirmed as a true record**

..... (Chair)