

**Minutes of the meeting of the Group Audit and Risk Committee
held on Thursday 30 June 2022, 4:00 PM — 6:00 PM
Room 1B16, Technopark**

Present

Duncan Brown (via videoconference)
John Cole
Mark Lemmon
Rob Orr

Apologies

David Phoenix
James Stevenson

In attendance

Michael Broadway
Natalie Ferer
Richard Flatman
Kerry Johnson
Deborah Johnston
Nicole Louis
Ed Spacey (minute 10 only)

Internal auditors

Nicola Walker (BDO)
Gemma Wright (BDO)

External auditor

Fleur Nieboer (KPMG)

1. Welcome and apologies

The Chair welcomed members to the meeting. The above apologies were noted.

The committee noted that this was the last meeting of Rob Orr as a co-opted member. The committee thanked Rob for his valuable contribution since 2019 and wished him well for the future.

2. Declarations of interest

No member declared an interest in any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the extraordinary meeting of 2 February 2022 and the minutes of the meeting of 10 February 2022, and their publication as redacted.

4. **Matters arising**

All matters arising were noted as either complete or in progress.

The committee noted that though the TRAC return was submitted before the deadline, it was requested to be re-submitted by the OfS. The committee noted that this was due to a presentation issue with SBC, and the changes were made and re-submitted as required.

Update on IT disaster recovery action plan

The committee noted the progress update on the action plan following the BDO IT disaster recovery audit.

The committee noted that substantive progress had been made at LSBU. Progress had been more difficult at SBA due to the small team and finite resources, but additional resource had now been secured to work on disaster recovery.

The committee requested regular updates as appropriate.

Internal audit

5. **Internal audit progress and follow-up report**

Progress report

The committee noted the internal audit progress report.

The committee noted that the SBA quality assurance internal audit required further amendments. The final report would be circulated to GARC electronically once it had been reviewed by the SBA audit committee.

BDO assured the committee that sufficient audits had taken place to ensure appropriate coverage for the annual opinion.

Follow-up report

The committee noted the good progress made with implementing actions from previous audits. For LSBU there were 6 (out of 77) actions overdue, all of which were in progress. SBC had 4 (out of 32) overdue and in progress, and SBA 2 (out of 17) overdue and in progress.

5.1. **Internal audit report: student experience**

The committee noted the internal audit report on LSBU student experience, which provided a moderate level of assurance for both the control design and the operational effectiveness of the controls in place. Two medium risk and four low risk recommendations had been made.

5.2. **Internal audit report: enterprise**

The committee noted the internal audit report on LSBU enterprise activity, which provided a moderate level of assurance for both the control design and the operational effectiveness of the controls in place. Three medium risk and three low risk recommendations had been made.

6. **2022/23 draft internal audit plan and strategy**

The committee discussed the draft 2022/23 Group internal audit plan, as part of the three-year internal audit strategy. The plan had been developed by BDO following discussions with members of the Executive and was based on the corporate risk register and previous internal audit work.

The plan would be kept under review throughout the year and amended if changes were required. It was noted that there were slightly too many days in the plan, but the Executive would review and prioritise.

The committee approved the draft 2022/23 Group internal audit plan and the continuing three-year internal audit strategy, subject to reviewing and approving any further iterations.

External audit

7. **2021/22 draft external audit plan**

The committee discussed the draft Group external audit plan for 2021/22.

The committee noted the significant audit risks, including the valuation of LGPS liabilities, going concern and year-end reconciliations.

The Executive confirmed that it was content with the timetable, which was realistic but tight. Any risk to the timely submission of accounts would be escalated and flagged as soon as possible.

The committee noted that the date of the November 2022 SBC audit committee had been changed in order to ensure that the SBC audit work was complete and could be approved by the SBC Board according to timetable.

The committee noted that materiality had been set at £3.8m and the reporting threshold was £190k.

Following discussion, the committee approved the 2021/22 LSBU Group external audit plan, which would also be noted by the SBC audit committee.

Risk and control

8. Group corporate risk register

The committee noted the revised corporate risk register.

The committee requested that an update be circulated electronically to enable members to interpret the changes since the previous meeting. The updated paper would also be brought to the next meeting of the Board of Governors on 21 July 2022 for discussion.

9. OfS ongoing conditions of registration

The committee discussed the areas of significant academic risk for LSBU given the changes to the conditions of registration for quality and standards (the “B conditions”).

The committee noted the identified risks and approaches to mitigation.



The committee requested that the Executive consider how academic risks are communicated to the Board and its committees. It was agreed that the 2023 annual Academic Board report to the Board would be brought to GARC for discussion ahead of the Board.

Other matters

10. LSBU business continuity plans

With Ed Spacey

The committee discussed the update on the development and validation of LSBU business continuity plans.

The committee noted the importance of testing, training and further review of the business continuity plans.

The committee noted that business continuity plans at SBA and SBC were being developed based on the LSBU approach.

The committee requested that further updates are brought to future meetings as appropriate.

11. **Annual debt write-off**

The committee discussed the write-off of tuition fee debt relating to self-paying students of [REDACTED], which was noted as being higher than previous years.

The committee noted that debts were written off when more than six years old and there was no reasonable expectation of recovery. It was noted that the figure was fully provided for in the accounts.

The committee requested a brief note explaining the reasons for variations between financial years.

Following discussion, the committee approved the annual LSBU debt write-off of [REDACTED].

Matters to note

12. **ESFA apprenticeship audit**

The committee noted the positive outcome of the first ESFA audit into apprenticeship provision.

The committee congratulated the relevant teams on the positive result.

13. **Accounting and year end planning**

The committee noted the preparations for the financial year end audit processes. The plans for the 2021/22 year end were informed by feedback on the process in previous years.

14. **Pensions assumptions**

The committee noted the review process for producing the 2021/22 pension assumptions. The Executive was likely to use the default Barnett Waddingham assumptions, which would be reviewed and benchmarked.

The committee noted that the assumed salary increase, which informs the assumptions, could change depending on national negotiations.

15. **Speak up report**

The committee noted that no new speak up matters had been raised since the previous meeting.

The committee noted the update on the matter raised in connection to the Students' Union (as reported to the committee at its previous meeting), which had been investigated by the Vice Chair of the SU. The committee noted that it was found that there was no case requiring formal or further investigation.

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

The committee noted that no new matters had been raised since the previous meeting.

17. **Data protection report**

The committee noted the update on data protection breaches. There had been six incidents involving breaches of personal data since the previous meeting, none of which were reportable to the OfS.

The committee noted that the ICO had advised that it would take no further action in relation to the Salesforce data breach. The ICO's recommendations would be followed up.

The committee noted that the ICO had requested further detailed information on controls prior to the cyber incident. A detailed response, reviewed by external lawyers, was sent within the deadline. An update would be provided to the committee once a response from the ICO was received.

18. **Reportable events update**

The committee noted that there had been one reportable event since the previous meeting,

[REDACTED]

19. **Committee business plan**

The committee noted the 2021/22 business plan.

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

The committee noted that the draft internal audit plan, draft external audit plan, annual debt write-off, corporate risk register and OfS compliance and investigation would be reported to the next meeting of the Board.

Date of next meeting

3:30pm on Thursday 6 October 2022

Confirmed as a true record

..... (Chair)