

**Minutes of the meeting of the South Bank Colleges Audit Committee
held at 4pm on Tuesday 11 February 2020
Lambeth College Board Room (C303), 45 Clapham Common South Side,
London SW4 9BL**

Present

Andrew Owen (Chair)
Steve Balmont
Mee Ling Ng

In attendance

Michael Broadway
Richard Flatman
Jacqueline Mutibwa
Michael Webb
Gemma Wright, BDO Internal Auditors

Apologies

Fiona Morey

1. Welcome and apologies

The Chair welcomed the Committee Members to the meeting and confirmed that the meeting was quorate.

2. Declarations of Interest

The Committee noted the following declaration of interest: Mee Ling Ng was a director of LSBU.

3. Minutes of previous meeting

The minutes of the meeting held on 6 November 2019 were approved as an accurate record.

4. Matters arising

The Committee reviewed the action sheet and that the actions had been completed or were on the agenda of the meeting.

5. Internal Audit Report – Financial Controls

The report updated the Committee on the progress of the internal audits for 2019/20. The Committee reviewed the audit report of the Financial Controls that was undertaken

as part of the approved internal audit plan for 2019/20. The audit focused on payroll and accounts payable process in place at the College.

The Committee noted that the report gave limited assurance over the design of the accounts payable controls in place and moderate assurance over the operational effectiveness of the controls in place in relation to accounts payable. Substantial assurance over both the design and operational effectiveness of controls over payroll. It was noted that the auditors made 2 high, 2 medium and 1 low risk recommendations.

The Committee discussed the key findings from the audit:

- that the closing balances from Symmetry had not been transferred to Agresso. It was noted that work was being undertaken to resolve the matter.
- that there were inappropriate controls over the management of the supplier Masterfile and there was a lack of segregation of duties over the setting up of suppliers and changing their bank details. It was noted that LSBU was in the process of implementing a new system on management of new suppliers and reviewing the supplier Masterfile.
- that payments to suppliers were made without confirmation that goods had been received. It was noted that a Procure to Pay review was being undertaken by LSBU and the changes would be reflected in the College's procedures. It was also noted that the College's Financial Regulations would be updated to align with LSBU Financial Regulations relating to supplier payments and receipt of goods/services and controls built into Agresso in line with LSBU's control framework.
- that supplier due diligence process was inadequate and should be reviewed and updated to include financial checks. It was noted that LSBU was in the process of implementing a new system on management of new suppliers and reviewing the supplier Masterfile.

6. Corporate Risk Register

The Committee reviewed the register. There was discussion about the risk management approach and presentation. The Committee noted:

- that although some of the risks were ongoing, the mitigation actions should have dates on which the actions required/identified would be undertaken.
- that the current model was a top down risk based approach and asked whether a bottom up approach should be considered. It was requested that a bottom up strategy is tested in order to consider the most suitable risk management approach for the College.
- that a LSBU group risk management policy and risk appetite was being reviewed.

The Committee noted the risk register and that there were no changes to the risks or scores since the last meeting in November 2019. The Committee would be presented with an updated risk register at its meeting in June 2020.

7. Anti-Fraud, Bribery and Corruption

The Committee noted that there were no incidences of fraud, bribery or corruption since the last meeting on 6 November 2019.

8. Speak Up Update

It was noted that there were no matters that had been raised under the Speak Up policy since the last meeting on 6 November 2019.

The Committee noted that the updated Group Speak Up policy had been further revised to take into account the specific challenges in the HE sector. The updated policy would be approved by the Group Audit & Risk Committee at its meeting on 13 February 2020. It was noted that the revised approved policy would be circulated to the Committee.

9. Committee Annual Work Plan and Future Meeting Dates 2020

The Committee discussed the annual work plan and that it should reflect its remit in the terms of reference such as responsibilities on regulatory reporting. It was noted that the work plan would be updated to ensure that it reflects the remit of the Committee and presented at the meeting in June 2020.

The Committee noted the future meeting dates for 2020.

10. Revised Terms of Reference of the Committee

The updated terms of reference (TOR) had been approved by the SBC Board at its meeting on 14 November 2019 subjected to minor amendments on SBC Audit Committee's advisory role to the Board on the draft annual financial statements and letter of representation (TOR 5.3).

It was noted that the TOR had been amended to reflect the changes recommended by the SBC Board. The Committee noted that amended TOR of the Committee.

11. Terms of Reference of the Internal Audit Work – Financial Controls

The Committee noted the terms of reference of the internal audit work on financial controls.

Date of next meeting
4pm, Thursday 4 June 2020

Confirmed as a true record

.....(Chair)