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SOAS, University of London

AUDIT COMMITTEE

Thursday 26th May 2016

MINUTES

Members: Andrew Popham (Acting Chair)
Steve Tinton

In attendance: Graeme Appleby (Director of Finance & Planning)
Richard Hewes (KPMG – Internal Auditors)
James Aston (BDO – External Auditors)
Chris Ince (Secretary to Audit Committee)
Jerry Smith (Temporary Secretariat Officer – Minutes)

Apologies: Rosna Mortuza
Geoffrey Robertson
Neil Thomas (KPMG – Internal Auditors)
Laura Gibbs (Registrar)
Sophie Venton (BDO – External Auditors)

31. Introductions

Steve Tinton explained that due to his appointment as acting deputy chair of the BoT , Andrew Popham was standing in as Acting Chair. This has been discussed and agreed at BoT

32. Minutes

The minutes of the meeting on 4th February 2016 were **approved** with the following amendments:

- (i) Min 17, replace 'NI contributions' with 'tax compliance'
- (ii) Item 29, para 2, delete first sentence

33. Action Points

(i) MIN 10 - Safety Audit

The Secretary reported that the Safety Audit and report had been presented to the Board of Trustees meeting in April. The H&S committee had met earlier in the week and considered a number of changes to the H&S Policy. It was approved with slight revisions and would be presented to the Board of Trustees in July.

The H&S Committee had also approved a number of supporting policies including that for overseas travel. Audit checks and regular safety inspections had now started and were going well.

The Committee agreed that this action was **completed**.

(ii) MIN 16 – Risk register Update

The Secretary updated the committee with regard to the risk register and confirmed that it had been discussed at EB. The Committee noted that the School had held two sessions focusing on the risk methodology and what the risk drivers were, they further commented that the next step was to update the format.

(iii) MIN 23 – Review the Bribery Act Policy

The Secretary reported that this action had been **completed** and was covered later on the agenda.

(iv) MIN 25 – Risk Register Update

This was an agenda item

(v) MIN 29 – Prevent

This was an agenda item

33. Matters arising/matters for report

(i) Prevent

The Committee noted that the Registrar had agreed to present a paper to July BoT on Prevent and what had been done so far.

34. Internal Audit – Progress Report (Appendix A)

The Audit Committee **received** the Progress Report from KPMG.

IT

There was detailed discussion around the outstanding actions from the previous IT audits and whether the existing IT structure was ensuring these were being tackled. This was an ongoing area of concern for the Committee and would be reviewed at each meeting until permanently resolved.

The Portfolio Board monitors IT capital expenditure and provides governance oversight for IT projects. The Secretary explained that this was the formal reporting structure for all non-estates projects including IT programmes and that the Board reported to Executive Board and provided regular updates to Resources & Planning Committee.

The Committee **noted** that the Director of Library & Information Services reported to the Registrar, as did the Assistant Director (IS) under temporary arrangements.

The Committee noted that the lack of a clear IT strategy was a significant risk but would become critical if not resolved in the near future. SOAS IT systems meet current needs but there is a risk that opportunities to achieve efficiencies, adopt new solutions and support SOAS strategy implementation would be missed.

The Committee agreed that an interim strategy should be requested for presentation by the end of August 2016.

Committee asked for the following:

IT issues to be flagged to the BoT along with a new version of the progress report (to be provided by KPMG) and a short paper addressing the Committee's concerns.

Other matters

KPMG raised the process for the development of the Annual Internal Audit Plan for 2016/17. It was agreed that KPMG would bring the draft Plan to the next AC meeting after collecting management comments.

35. Internal Audit – Core Financials Report (Appendix B)

The Audit Committee **received** the Core Financials Report from KPMG.

KPMG were broadly happy and just needed some of the policies to be updated. There were no significant concerns.

36. Internal Audit Data Quality Report (Appendix C)

The Audit Committee **received** the Data Quality Report from KPMG.

KPMG explained that the concerns raised were based mainly around the SOAS satellite sites, where there was currently no clear owner for data issues. Within the satellite sites, processes were often weak and inconsistently applied. The final data was acceptable but initial data input was sometimes inaccurate and had to be corrected which wastes resources.

The Committee discussed why the satellite sites conducted their own data processing and why this was not a centralised function. KPMG responded that the report recommend processing was overseen centrally. Responsibility needed to be assigned to a central director and processing needs to achieve consistency across the School.

The committee was of the view that the more centralised the control, the better.

37. Internal Audit Library Services Report (Appendix D)

This report was deferred until the next meeting in October. However, a final version with management responses would be circulated electronically as soon as it was available.

38. External Audit – Audit Planning Report (Appendix E)

The Committee **approved** the External Audit Planning Report prepared by BDO.

The Committee noted that not consolidating LMEI continues to be a technical breach although the amounts are immaterial, and asked if a solution could be found. One possibility might be to de-register LMEI as a separate charity so that it would be treated in the same way as any other department. The Committee agreed that it would be easier to leave the accounting issue as it is pending further consideration of its legal status.

The Committee asked to receive further information on what happened when School received cheques in the post and how the School recorded promises of donations, to be compliant with US financial reporting requirements. This was likely to be of greater importance once the School had launched its Centenary Fundraising Campaign in September.

The Committee held a full and in depth discussion of accounting practices/treatments and reviewed the Audit Plan in detail.

39. Risk Register (Appendix F)

The Audit Committee **received** the Risk Register.

KPMG spoke to the Risk Register Benchmarking Report, paying particular attention to the questions asked on the final page of the report.

The Committee **agreed** that the Benchmarking Report would be sent to the next BoT meeting in July, along with the annual report on the School's risk management framework.

The Committee noted that the School needed to start moving risks from Red to Yellow on the Risk Register. The format of the heatmap could be improved by showing the current to target net risk assessment, rather than the gross to current assessment.

40. Whistleblowing Report (Appendix G)

The Secretary **updated** the committee on the reporting process in the Whistleblowing Policy. It was agreed that some of the terminology needed to be updated as part of a review of key policies over the summer.

The Committee stated that the Policy needed to be more widely publicised (put on web etc) and the SOAS e-mail addresses for the Committee Chair should be published as part of this, in order that they can be contacted directly.

The Committee **agreed** that a policy needed to be put in place to ensure that staff/student complaints/grievances are captured and treated as whistleblowing when they relate to financial or risk management issues needing investigation. These should be included in reports on the whistleblowing process.

41. HEFCE Visit (HEFCE Assurance visit)

The Secretary explained the processes and actions around the HEFCE visit on 12 July 2016.

The Committee **noted** that a schedule of relevant meeting agendas and minutes for the last year would be provided to them prior to the meetings.

42. Any Other Business

ST spoke with regard to a recent external review of the South-East Asian Academic Art Programme (SAAAP). ST noted that the report was very critical of some elements of the SAAAP and that the Committee might wish to consider the report and management actions as this related to the major donation from the Alphawood Foundation. The Committee **agreed** that the report and subsequent action plan be presented at the next meeting of the Audit Committee in October.

30. Date of next meeting:

The Committee **noted** the next meeting would take place on 6th October 2016

AUDIT COMMITTEE: Action Points

Minute	Item	Action 2014/15	Deadline for report to AC	By
1 October 2015				
5	Deep Dive – KPIs	Discussion at BoT with a view to a revised set of KPIs post sustainability work	6/10/16	GA
26 May 2026				
33	Action Points - Prevent	Paper to July BoT setting out responsibilities under Prevent and what has been done so far. List vulnerabilities and what is being done to mitigate.	11/07/16	CI
33	Action Points - Risk Register	Report back to EB with updates to register and comments from AC.	06/08/16	CI
34	Internal Audit – Progress Report	IT issues to be flagged to BoT along with a new version of the progress report (to be provided by KPMG) and a written report addressing AR IT concerns.	11/07/16	CI/KPMG
38	External Audit – Audit Planning Report	Policy required on handling of cheques received and on recording of donations promised.	06/10/16	CI
42	A.O.B.	SAAAP Report and Action Plan to be presented at next AC	06/10/16	Director