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SOAS, University of London

AUDIT COMMITTEE

Thursday 6 October 2016

MINUTES

Members: Rosna Mortuza
Andrew Popham (Acting Chair)
Steve Tinton

In attendance: Valerie Amos (Director)
Graeme Appleby (Director of Finance & Planning)
Chris Ince (School Secretary)
Anne Marie O'Mullane (Secretary to Audit Committee)
Neil Thomas (KPMG – Internal Auditors)
Christian Turnbull (KPMG – Internal Auditors)
Sophie Venton (BDO – External Auditors)

Apologies: Geoffrey Robertson
Michele Shoebridge (Registrar)

Minutes of the meeting held on 26 May 2016

AC 16/17 1 A

Audit Committee **approved** the minutes of the meeting held on 26 May 2016.

Action Points

AC 16/17 1 B

The Committee **noted** that all actions had been undertaken.

(i) Deep Dive KPIs

The Committee **noted** that a Framework of Key Performance Indicators (KPIs) was approved by the Board of Trustees in July 2016. The responsible board committees would play an active role in developing Performance Indicators (PIs) and would be responsible for monitoring and reporting on the agreed PIs. The work by the committees would be reported at the Board of Trustees' November meeting as part of the next KPI report. The Committee agreed that a Deep Dive on the operation of the Framework of KPIs and associated PIs would be undertaken in a year's time.

(ii) Prevent

The Committee **received** an update on progress with meeting the School's legal obligations in relation to the Prevent Duty. The Committee noted that the School will report to HEFCE in December in accordance with HEFCE's guidance on the Prevent Duty Monitoring Framework. The Committee noted that members of the Board and the School would be

attending training. The Committee was satisfied that the overall approach is in place but that it would be important to evidence it against the HEFCE framework.

(iii) Risk Register

The Committee **noted** that Executive Board is undertaking some further work with risk owners on risk drivers and that revised risk registers would be reported to the November meeting of the Board of Trustees.

(iv) External Audit Planning Report

The Committee **noted** that the Director of Finance & Planning would liaise with the Director of Alumni & External Engagement on the development of a policy on handling of cheques received and on recording of donations promised.

Matters Arising/Matters for Report

AC 16/17 1 C

There were no matters arising to note.

Terms of Reference and Procedures for the Conduct of Meetings

AC 16/17 1 D

The Committee **noted** the terms of reference for the Committee and the procedures for the conduct of meetings. The Committee **agreed** that the terms of reference should be changed to include an annual private meetings, as a matter of course, with the external and internal auditors. This would be included as a recommendation to the Board of Trustees in November as part of the Committee's Annual Report.

Internal Audit Annual Report 2015/16

AC 16/17 1 E

The Committee **considered** the Internal Audit Annual Report 2015/16 and the opinion provided by the Head of Internal Audit. The Committee noted that an audit of Workforce Planning would be deferred to 2017/18. The report on Immigration Services would be considered at the next meeting. The Committee also noted that in relation to Data Quality while the review found that data reported for external returns is accurate it is not gathered in the most efficient way. The Committee asked KPMG to clarify how the overall positive assurance in the Head of Internal Audit's Opinion reconciles with the "except for" opinion, arising from a number of reviews with partial assurance, in the body of the report.

Internal Audit Report: Library Services

AC 16/17 1 F

The Committee **considered** the contents and recommendations of the Library Services Audit. The Committee **agreed** that due to changes in personnel and the need to further review the management responses, this would be considered by the Committee again in February 2017. The timescales for taking action would be updated accordingly.

Internal Audit Progress Report

AC 16/17 1 G

The Committee **considered** the Internal Audit Progress Report and updates on overdue recommendations. The Committee considered whether there were any short term risks arising from the overdue recommendations, especially in relation to IT issues. The

Committee noted that cyber security was an ever evolving risk and that any action was partly a matter of risk appetite. The Committee agreed that it would consider the matter of cyber security further at its February meeting.

Internal Audit Plan 2016/17

AC 16/17 1 H

Audit Committee **approved** the Internal Audit Plan for 2016/17 and endorsed the approach proposed by KPMG subject to the following changes being made:

- The proposed review of Risk and Governance would no longer go ahead in 16/17 as the academic restructuring change process was currently underway. It would be too early to review the restructuring of academic and professional services in 16/17 so should be deferred to a later date.
- A section of the report should comment on areas neither reviewed recently nor planned to be covered in the five year period, giving the reasons why this is the case.
- The scope of the Forecasting review should be expanded beyond student numbers to include payroll and staff numbers as these are areas that are not as frequently reported on.

KPMG agreed to consider carefully the timing of reviews that involve the Finance & Planning Directorate as it is particularly busy in November. KPMG confirmed that sufficient reviews were taking place during the year to be able to give the necessary assurances for reporting purposes.

The Committee noted that the plan was to include a review of the student experience in 17/18. In advance of this, the Committee would like to see how the School was preparing for the next phase of the Teaching Excellence Framework (TEF) towards the end of 2016/17.

The Committee noted that the way any days left over from not undertaking the Review of Risk and Governance would be used would become clearer during the scoping stages for the planned reviews in 2016/17.

Southeast Asian Art Academic Programme Report and Action Plan AC 16/17 1 I

The Audit Committee **noted** the issues raised in the **Southeast Asian Art Academic Programme Report** and welcomed the action plan that was developed in response to the report. The Audit Committee explored the lessons learned from the Report and felt that the appropriate system and controls were in place to handle a similar situation should it arise in the future. The Committee particularly emphasised the importance of timely briefing to the Board of Trustees where difficult matters such as these arise.

Outcome of HEFCE Assurance Review

AC 16/17 1 J

The Audit Committee **considered** the Report and positive outcome of the HEFCE Assurance Review, which had taken place in July. The Committee noted that the opportunities for further strengthening accountability processes included in the report were either being taken forward or had already been implemented by relevant areas within the School. In particular the Committee recommended that the RPC should review the Annual Report and Accounts for consistency with their understanding of the trends in the School's

finances, while the responsibility for the compliance-based review remains with the Audit Committee.

Role of the Board in Quality Assurance

AC 16/17 1 K

The Audit Committee **noted** the implementation plan so as to ensure the Board of Trustees was able to make the necessary assurances on the student academic experience and the academic output standards to HEFCE by 1 December 2016. The Committee observed that its role in reporting was to consider the review processes in place as additional comfort for the Board of Trustees. The Academic Board has primary responsibility for quality assurance in these areas, and for giving the Board of Trustees the information it needs to support the School's report to HEFCE.

Plan for the Audit Committee Annual Report

AC 16/17 1 L

The Audit Committee **commented** on the issues raised in the paper on the planned approach for the Audit Committee Annual Report. The Committee noted the following in relation to the Value for Money section of the report, included in the Annexe to the main report:

- It should report on major projects that have a relevance for value for money.
- Context should be provided on the positive and negative findings from Internal Audit reviews that relate to VFM.
- A "Negative comfort" assurance should be requested from Internal Audit that the Value for Money section of the report is not inconsistent with the cumulative findings from Internal Audit reviews.

Actions

Minute	Action Detail		Person
26 May 2016			
38 External Audit – Audit Planning Report	Director of Finance & Planning to liaise with the Director of Alumni, External Engagement on the development of a policy on handling of cheques received and on recording of donations promised.	10.11.16	GA/MG
6 October 2016			
AC 16/17 1 B Actions: Deep Dive	The Committee agreed that a Deep Dive on the operation of the Framework of KPIs and associated PIs would be undertaken in a year's time.	October 2017	CI
AC 16/17 1 D Terms of Reference and Procedures for the Conduct of Meetings	Terms of reference should be changed to include annual meetings, as a matter of course, with the external and internal auditors.	09.02.17	CI
AC 16/17 1 E Internal Audit Annual Report 2015/16	Internal Audit to clarify the positive assurance aspect of the Head of Internal Audit's Opinion in the Report.	10.11.16	KPMG
AC 16/17 1 F Internal Audit Report: Library Services	The deadline for a revised response to the Library Services report would be February 2017. The timescales for taking action would be 12 months from the submission of the response to the report and the recommendations timescales would be updated accordingly.	February 2017 February 2018	KPMG/ Head of Library
AC 16/17 1 G Internal Audit Progress Report	The Committee agreed that it would consider the matter of cyber security further at its February meeting.	09.02.17	AOM
AC 16/17 1 H Internal Audit Plan 2016/17	Implement recommended changes to the Internal Audit Plan 2016/17	10.11.16	KPMG
AC 16/17 1 H Internal Audit Plan 2016/17 - TEF	Committee would like a report how the School was preparing for the next phase of the Teaching Excellence Framework (TEF) towards the end of 2016/17.	25.05.2017	Director
AC 16/17 1 I Plan for the Audit Committee Annual Report	Incorporate recommendations of the Audit Committee in relation to the Value for Money section into the Annexe of the Report	10.11.16	CI