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SOAS, University of London

AUDIT COMMITTEE

Thursday 10 November 2016

MINUTES

Members: Steve Tinton (Chair)
Andrew Popham

Geoffrey Robertson

In attendance: Valerie Amos (Director)
Graeme Appleby (Director of Finance & Planning)
James Aston (BDO – External Auditors)
Chris Ince (School Secretary)
Anne Marie O’Mullane (Secretary to Audit Committee)
Marie Staunton (Chair, Board of Trustees)
Neil Thomas (KPMG – Internal Auditors)
Christian Turnbull (KPMG – Internal Auditors)

Apologies: Rosna Mortuza

Introduction

The new chair was welcomed to the meeting. Although she would not normally attend it was considered advantageous for this meeting in view of the topics to be discussed and as part of her induction to SOAS.

Minutes of the meeting held on 6 October 2016

AC 16/17 2 A

The Audit Committee **approved** the minutes of the meeting held on 6 October 2016 as a true record.

Action Points

AC 16/17 2 B

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

Matters Arising/Matters for Report

AC 16/17 2 C

At its September meeting the Audit Committee asked Internal Audit to:

- Clarify how the Head of Internal Audit Opinion was reached
- Explain why certain topics had not been included for review within the strategic audit plan

Audit Committee **noted** that Internal Audit had circulated updated papers reflecting these requested changes.

External Audit

AC 16/17 2 D

Audit Committee **received** the report of the External Auditor from BDO for recommendation to the Board of Trustees. Overall, the External Auditors had no issues to raise in the representation letter or to bring to the committee's specific attention. It was noted that there was a small number of outstanding matters, for example receipt and lender confirmations from Societe Generale and HESA reconciliation. It was expected that these would be completed in advance of the Board of Trustee meeting and would not result in any material changes to the representation letter.

BDO commented favourably on preparation for the audit and the quality of the accounts and support provided during the transition to the new financial reporting standard, FRS 102.

The Committee discussed the areas leading to FRS 102 adjustments, in particular the increase in reserves for the USS pensions deficit funding plan provisions between 2014 and 2015. Reasons for this difference were due to a one off increase in liability between 2013/14 and 2014/15 and changes to the USS pension scheme in April 2015 had resulted in increased USS employer contributions which paid off some of the liability. The auditors confirmed there were no matters of significant judgement in preparing these adjustments

Draft Audit Committee Annual Report

AC 16/17 2 E

The Committee **approved** the Audit Committee Annual Report for 2015/16 subject to a number of minor changes from Audit Committee Members. These would be communicated to the Secretary following the meeting.

Draft Value for Money Report and Plan 2015/16

AC 16/17 2 F

The Committee **approved** the Value for Money Report and Plan 2015/16 subject to recommended changes from Audit Committee Members. These would be communicated to the Secretary following the meeting.

Internal Audit: Immigration Controls

AC 16/17 2 G

The Committee **considered** the Internal Audit: Immigration Controls Report. The Audit Committee accepted the report. Following discussion, it was agreed that the experience of the specialist solicitors who undertook the audit was sufficient to meet the needs of the audit process. Further information on the experience and qualifications of those who had undertaken the work would be provided to the Committee. A decision could then be taken about scope and staffing should it be considered necessary that additional reviews were required.

The Committee noted that there was a low tolerance for non-compliance in the area of immigration controls as it could potentially lead to the revocation or downgrading of the School's sponsor license. The Committee **noted** the School's visa refusal rate was significantly below the threshold set but remained concerned about the comments and recommendations in the report.

The Committee noted that progress was being made with several of the recommendations by the Deputy Director of Human Resources. In relation to recommendation 4, Police Registration of Students, the Committee noted that Internal Audit would perform further work to clarify this requirement in advance of December 2016. and would clarify the outcome to the Spring 2017 Audit Committee.

The Committee agreed to assess implementation of all recommendations and consider immigration controls generally in 2017

Draft Financial Statements

AC 16/17 2 H

The Audit Committee **approved** the draft financial statements for recommendation to the Board of Trustees. The Committee noted that while the reports showed a surplus for the year of £5.3m, compared to an anticipated deficit of 1.2m, the difference was largely attributable to the change in accounting standards to FRS 102. It was important to note that these changes would not contribute to meeting the surplus target of 5% as it was not available to cover operating liabilities and did not impact on cash flows. The Committee agreed that the second paragraph of the financial statement overview should be changed to reflect that the surplus resulted from a change in accounting practices.

There was a recommendation for a change in presentation of the table on page 23 of the report so that it was easier to calculate totals.

The Committee considered the HEFCE Assurance Review suggestion that Resources & Planning Committee should approve the audited financial statements. The Committee agreed that it was appropriate that Audit Committee approved the draft financial statements for recommendation to the Board of Trustees. It noted that Resources & Planning Committee received the financial statements also.

Prevent Duty

AC 16/17 2 I

Audit Committee **considered** the School's response on the approach to compliance with the Prevent Duty. It was noted that it was likely an updated paper would be submitted to the Board of Trustees following the Secretary's attendance at a Prevent Seminar on 9 November 2016. The committee understood that the SOAS approach was different to many universities.

The Committee noted progress with implementing the training plan and the embedding of the IT Acceptable Use policy. The Committee noted that the School needed to be able to evidence the procedures that had been put in place and that policies were being adhered to.

The Committee raised a query on the scale of the risk being accepted in relation to the prevent duty. It queried could it avail of legal expertise possibly within the School of Law to answer this query.

The committee noted the HEFCE approval to SOASs plans. After discussion, the committee was assured the SOAS were implementing its Prevent duty appropriately.

Risk Register

AC 16/17 2 J

The Committee **considered** the School's Risk Register and noted updates to the register. The Committee noted that following the informal meeting between the Academic Board and Board of Trustees that the School was facing existential threats as a result of three factors, the TEF results, the REF results and its financial position. This would be added to the School's Risk Register in the next version. The Committee noted that in order to mitigate the risks arising from these factors, there would need to be strong academic leadership displayed by Academic Board. It was also noted that the risk section of each coversheet would need to be updated appropriately and that a communication should be made to paper authors on this matter.

Summary Quality Assurance Report

AC 16/17 2 K

Audit Committee considered the circulated paper and a tabled paper on the academic quality assessment for HEFCE. The Committee noted that its role was not to make qualitative judgements but to consider whether the methodology undertaken was appropriate for the Board of Trustees to provide assurance to HEFCE on student facing quality indicators. The Audit Committee advised that the Board of Trustees would need to be given a succinct amount of information on the evidence used to provide assurance and a judgement based on the evidence provided.

Corporate Governance Statement

AC 16/17 2 L

The Audit Committee **approved** the corporate governance statement subject to recommended changes from Audit Committee Members. These would be communicated to the Secretary following the meeting.

SOAS and the Public Benefit

AC 16/17 2 M

Audit Committee **approved** the SOAS and the Public Benefit statement subject to recommended changes from Audit Committee Members. These would be communicated to the Secretary following the meeting.

Actions

Minute	Action Detail	By	Person
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 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: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
10 November 2016			
AC 16/17 2 E Draft Audit Committee Annual Report	Audit Committee approved the Audit Committee Annual Report 2015/16 subject to recommended changes from Audit Committee Members.	29.11.2016	CI
AC 16/17 2 F Draft Value for Money Report and Plan 2015/16	Audit Committee approved the draft Value for Money Report and Plan 2015/16 subject to recommended changes from Audit Committee Members	29.11.2016	CI
AC 16/17 2 G Internal Audit: Immigration Controls	<u>Specialist Solicitors</u> Further information on the experience and qualifications of those who had undertaken the work would be provided to the Committee <u>Police Registration of Students:</u> The Committee noted that Internal Audit will perform further work to clarify this requirement in advance of December 2016 and clarify the outcome to the Spring 2017 Audit Committee. <u>Item on Immigration Controls</u> The Committee agreed to assess implementation of all recommendations and consider immigration controls generally in 2017.	09.02.2017 09.02.2017 25.05.2017	KPMG CI CI

Minute	Action Detail	By	Person
AC 16/17 2 H Draft Financial Statements	<u>Financial Statement Overview</u> Revise second paragraph of the financial statement overview to reflect that the surplus resulted from a change in accounting practices. <u>Financial Statements</u> There was a recommendation for a change in presentation of the table on page 23 of the report so that it was easier to calculate totals as the use of lines in the final column made it difficult to add.	29.11.2016 29.11.2016	GA GA
AC 16/17 2 I Prevent Duty	The Committee raised the query on what was the scale of the risk being accepted. It queried could it avail of legal expertise possibly within the School of Law to answer this query.	09.02.2017	CI
AC 16/17 2 J Risk Register	<u>Existential Threat</u> Addition of Existential Threat to School Risk Register <u>Risk Section of the Coversheet</u> The Risk section of each coversheet would need to be updated appropriately and that a communication should be made to paper authors on this matter.	09.02.2017 09.02.2017	CI CI
AC 16/17 2 K Summary Quality Assurance Report	Paper to Board of Trustees should include a succinct amount of information on the evidence used to provide assurance and a judgement based on the evidence provided.	29.11.2016	DJ
AC 16/17 2 L Corporate Governance Statement	Audit Committee approved the corporate governance statement subject to recommended changes from Audit Committee Members.	29.11.2016	CI
AC 16/17 2 M SOAS and the Public Benefit	Audit Committee approved the SOAS and the Public Benefit statement subject to recommended changes from Audit Committee Members.	29.11.2016	RR