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SOAS, University of London

AUDIT COMMITTEE

Thursday 9th February 2017

MINUTES

Members: Steve Tinton (Chair)
Andrew Popham

Apologies: Rosna Mortuza
Geoffrey Robertson

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

Items were dealt with in a non-consecutive order as the Registrar left the meeting at 11.00am.

Conflicts of Interest

AB 16/17 3 AB

The Chair announced that it had been proposed that he would chair the Estates & Infrastructure Committee for the foreseeable future. Where there was a discussion of estates matters at Audit Committee (AC), it was agreed that Andrew Popham would act as the Chair and Steve Tinton would not participate in the discussion. It was agreed that the School Secretary would follow up on the impact of this arrangement on the quorum for AC.

Minutes of the meeting held on 10th November 2016

AC 16/17 3 A

AC **approved** the minutes of the meeting held on 10th November 2016 as a true record.

Action Points

AC 16/17 3 B

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

Matters Arising/Matters for Report

AC 16/17 3 C

There were no matters arising identified.

AC **reviewed** the School Risk Register. It was queried whether Academic Board (AB) received the risk register as it would be helpful for AB to understand how best it could mitigate risks that were relevant to its remit. It was also noted that faculties maintained sub-registers. It was agreed that Academic Board would receive the risk register in the future.

The Committee was concerned with the amount of risks that were categorised red on the heatmap. It was agreed that the Committee would focus on a single risk, "Failure to meet rising student expectations, leading to poor retention rates and loss of reputation". It was agreed that the Director of Academic Services would be invited to provide an update on the work of Academic Services and any work it was undertaking to mitigate this risk. It was noted that while actions were taken to mitigate the current level of a risk, some would not have an impact for a long time on reducing the net risk for certain risks, due to the nature of the risk involved.

AC noted that there had been an internal audit of risk management process and the results would be report to the next meeting of the Committee. There had also been discussions at Executive Board (EB) about integrating strategy, KPIs and risk in order to provide more meaningful data to EB, AC and the Board of Trustees. It was agreed that Internal Audit would share a more streamlined risk process that had been developed for another institution with the School Secretary.

Internal Audit Report: Financial Controls - The Forecasting Process AC 16/17 3 E

The Committee **noted** the internal audit report: Financial Controls – The Forecasting Process. The report provided significant assurance with minor improvements. Audit Committee considered the recommendation made in the report and the management response made by the Deputy Director of Finance & Planning.

It was noted that the School would benefit from more granular analysis of financial forecasting at a department level. It was agreed that the Committee would ask the School for longer term plans as forecasting was concentrated on too short a time frame.

Projects planned for IT and Estates that were not funded were categorised as aspirational projects within future plans. It was acknowledged that often these projects then became required projects and that it would be beneficial to have a forecast that included these projects and the timeframes involved. This would make it easier to understand what size of a surplus was required to meet these demands.

Internal Audit Progress Report & Recommendation Tracker

The Committee **noted** the work performed by Internal Audit since its last meeting and work due to be completed before the next Audit Committee. Updated management responses for recommendations from Library Services and ICT reviews were also noted. The Registrar updated the committee on the recruitment process for the Head of IT and Head of Library and Learning Resources as this would impact on the ability to respond to recommendations from previous internal audits within the timeframes included in the audit reports. AC noted that recruitment had been delayed for these positions until these departments had undergone restructuring. Interim specialist support would be put in place to support this 18 month change process as processes would also be reviewed. Trade Unions were supportive of this approach and the interim heads were also content to continue in their posts. AC noted that there was a critical need for an IT Strategy. The

Registrar agreed to share future plans for IT and LIS with AC members outside of the meeting.

Prevent: Risk Analysis

AC 16/17 3 G

The Committee **noted** the update on the steps taken by the School to fulfil its legal obligations as part of the “prevent duty” and noted the School’s submission to HEFCE as well as ongoing correspondence and the associated action plan. The committee noted that a legal opinion had been sought on the difference between the legislation, guidance and HEFCE monitoring.

AC welcomed the new event booking system which would include a mandatory section on risk assessment. AC noted the additional training of members of EB, senior professionals and members of the Board of Trustees that was due to take place on 13 March 2017. It was noted that the Registrar was meeting with the Prevent Adviser the following week about the extent of training required.

A query was raised on whether Students’ Union staff had attended training. It was noted that Students’ Union staff while part of a separate organisation structure could be invited to participate in training. It was agreed that Internal Audit would run a review, at the same time as those run for other London higher education institutions, in order to ascertain whether appropriate controls were in place and whether they were working in each instance.

Cyber Security

AC 16/17 3 H

The Committee **received** a presentation from the interim Director of IT, Martin Whiteside on Cyber Security. The interim Director provided a breakdown of key figures for cyber activity for SOAS. Some highlighted cyber security problems that occurred at other organisations and security issues that SOAS had faced in the past. The interim Director provided an analysis of the risks for SOAS and what could be done to mitigate these risks. The next business continuity incident simulation was planned to have a large IT element. There was also a plan to increase support for Apple devices by spreading existing knowledge through the support team.

The Committee welcomed the presentation and posed a number of queries to the interim Director. They asked had firewall penetration testing taken place and the interim Director confirmed that when the firewall was replaced two years ago some testing had taken place. However, the interim Director acknowledged that it would be prudent to undertake a penetration test at some stage.

It was confirmed that the management of email communications was discussed during records management training and there was also a plan to introduce refresher training. The interim Director acknowledged that communication plans would need to be improved in situations where there was a critical incident with cyber security as there were reputational implications.

**Higher Education Students Early Statistics Survey 2016/17
(HESES 16) Audit Report**

AC 16/17 2 I

The Committee **received** the report on the Higher Education Students Early Statistics Survey 2016/17 (HESES 16) Audit Report. It was reported to the committee that there was a significant amount of data cleansing undertaken by the Planning team as part of this exercise. It was noted that one of the aims of One Professional Service was to improve data quality.

US Student Loans – SOAS Compliance Audit 2015-16

AC 16/17 3 J

The Committee **noted** the US Student Loans Compliance Audit Report, Financial Statements and Corrective Action Plan for fiscal year 2016 undertaken by BDO. AC agreed that immediate action should be taken to comply with recommendation 16-01 to avoid sanctions.

Any Other Business

AC 16/17 3 K

Fractional Staff

The Committee noted an update on action taken so far by the School in relation to the processing of contracts and payment to fractional staff, following a communication circulated to AC members in December 2016. AC was satisfied that appropriate action had been taken so far. A further update would be provided to AC at the next meeting. It was queried whether internal controls would have identified this issue as a risk. It was confirmed that staff resilience was flagged at sub-registers and was the hallmark of a smaller organisation.

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 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 2018	KPMG/ Head of Library
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 G Internal Audit: Immigration Controls	<u>Item on Immigration Controls</u> The Committee agreed to assess implementation of all recommendations and consider immigration controls generally in 2017.	25.05.2017	CI
9 February 2017			
AC 16/17 3 AB Conflicts of Interest	School Secretary to follow up on the impact of the Chair's position as Chair of Estates and Infrastructure on the quorum for AC.	25.05.2017	CI
AC 16/17 3 D Risk Register	Committee to focus on a single risk that the next meeting, "Failure to meet rising student expectations leading to poor retention rates and loss of reputation"	25.05.2017	AMOM
	Director of Academic Services to present on activity taking place within Academic Services to mitigate the drivers of the student expectations risk at the next meeting.	25.05.2017	AMOM
	It was agreed that Internal Audit would share a more streamlined risk process that had been developed to support another institution with the School Secretary	25.05.2017	KPMG
AC 16/17 3 E Internal Audit Progress Report &	School is asked to produce longer term forecasts	25.05.2017	EB

Recommendation Tracker			
AC 16/17 3 F Internal Audit Progress Report & Recommendation Tracker	The Registrar agreed to share future plans for IT and LIS with Audit Committee members.	23.04.2017	PS
AC 16/17 3 G Prevent: Risk Analysis	Internal Audit to run a review, at the same time as those run for other London higher education institutions, in order to ascertain whether the controls were in place and that they were working in each instance to confirm that the School was compliant with the Prevent duty.	October 2017	KPMG
US Student Loans – SOAS Compliance Audit 2015-16 AC 16/17 3 J	Audit Committee noted that immediate action should be taken to comply with recommendation 16-01 to avoid sanctions.	25.05.2017	Ian Pickup