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SOAS, University of London

AUDIT COMMITTEE

Thursday 18ᵗʰ May at 1.00pm (Conference Suite, Paul Webley Wing)

MINUTES

Members: Steve Tinton (Chair)
                 Andrew Popham

Apologies: Rosna Mortuza
                 Geoffrey Robertson

In attendance: Mr James Aston (BDO – External Auditors)
                 Baroness Valerie Amos (Director)
                 Graeme Appleby (Director of Finance & Planning)
                 Ms Sophie Harris (Deputy Director, HR, Item AC 16/17 4 H)
                 Dr Chris Ince (School Secretary)
                 Dr Deborah Johnston (Pro-Director Learning and Teaching, Item AC 16/17 4 J)
                 Anne Marie O'Mullane (Secretary to Audit Committee)
                 Marie Staunton (Chair, Board of Trustees)
                 Neil Thomas (KPMG – Internal Auditors)

Conflicts of Interest   **AC 16/17 4 A**

The Committee **noted** that there had been no changes in any conflicts of interest.

Minutes   **AC 16/17 4 B**

The Committee **approved** the minutes of the meeting held on 9ᵗʰ February 2017.

Action Points   **AC 16/17 4 C**

The Committee **noted** that it was unfortunately unable to conduct a deep dive review of the risk around the failure to meet rising expectations leading to poor retention rates and loss of reputation. This was because the Director of Academic Services was unavailable for the meeting. The Committee agreed to the following schedule of deep dive reviews for 2017/18:

- Academic Quality Reporting: How do we measure academic quality? What is the most appropriate process for assuring academic quality. (September meeting). This would align with the reporting cycle to HEFCE.

- Student Satisfaction (February meeting)

- Role of the Head of Department. The Committee would like to meet with two Heads of Department. (May meeting)

The Committee requested an update on compliance with Audit Committee's direction in relation to the recommendation from the US Student Loans – SOAS Compliance Audit 2015-16 for the next meeting of the Committee.

The Committee accepted that the request for longer term forecasts had been taken on board.

Andrew Popham and Steve Tinton met with the Registrar on the 17th May 2017 and were updated with the plans for IT and the strategic direction of travel.

The Committee **noted** that all other actions due for completion had been completed.

Matters Arising   **AC 16/17 4 D**

There were no matters arising to report.

Internal Audit: Risk Management Process   **AC 16/17 4 E**

The Committee **received** the Internal Audit Report on the Risk Management Process. The review provided a rating of amber-red, showing partial assurance with improvements required. The review involved understanding the controls and processes the School had in place to manage both operational and school wide risks, and tested a sample of risk registers to ensure the controls were operating as intended.

The Committee noted all recommendations and reviewed the management responses. It noted that many of the recommendations were implemented or were due for implementation by the end of the academic year.

Risk process methodology

The Committee discussed the depth of the risk management culture at the School and it was acknowledged that there was further work to be done to embed a risk culture. The Committee suggested to group risks around the external environment and the organisation and to identify whether there were emerging risks. In addition, it was noted that particular risks might impact on a particular unit more than others and perhaps a traffic light system should be developed to support focussing on the units that required more in-depth attention.

Role of Heads of Department in Risk Management Processes

It was noted that Heads of Departments would become sub-register owners and queries were raised on how they would be supported on an induction to risk register processes. It was confirmed that the Registrar and Director would work with the Secretary on the delivery of training that covered risk management concepts and the operation of risk management processes at SOAS. The Committee noted that the business partner model from professional services would mean that heads of department would receive advice and input from the business partners from professional services in the drafting of their sub-registers and associated action plans.

The role of EB

The inclusion of all heads of department on Executive Board (EB) would also change the culture of risk management as they would be able to provide critical challenge to action plans at EB. The Committee noted that EB would be increasing the regularity of the consideration of the risk register, most likely to a monthly basis. The Committee noted that the Risk Management policy would be reviewed and brought to AC for consideration.

<u>The Role of the Governance and Risk Officer</u>

It was acknowledged that a change in culture was required in order to carry through the strong enterprise wide risk management structure and embed and operationalise through the school. The Committee noted that it would be important for the Governance & Risk Officer to work with risk register owners on this.

Institutional Risk Register   **AC 16/17 4 F**

The Committee **considered** the institutional Risk Register for the School and reviewed and evaluated each of the risks. The Committee made the following comments and decisions during discussion with members of the Senior Management Team:

Risk One, Failure to meet income targets: It was confirmed that the School had appropriate income targets for student recruitment. However, it was agreed that more work was required for setting targets for research income and other revenue streams.

Risk Two, Failure to meet student expectations, leading to poor retention rates and loss of reputation: It was agreed that improved reporting on the work being undertaken to meet student expectations was required.

Risk Three, Failure to recruit and retain world-class staff: It was raised that where an area loses staff the question should be posed if this contributed to a school risk or a departmental risk. It was acknowledged that there should be school wide action plans and departmental action plans that related to the risk. These would be different for academic departments and professional services.

Risk Five, Failure to manage academic reputation: The Committee considered that there were not enough actions about mitigating risks of damage to academic reputation. The Committee explored the current risk score and agreed with its setting at amber. For example, the Committee noted that while action plans were being implemented for REF, institutions in the sector were also taking action. As a result there would be uncertainty about the performance of the School in the next REF as the sector was not standing still.

Risk Eight: Failure to manage plans for a major business continuity incident. The Committee agreed that this risk should be retained on the risk register. This was a key risk for all organisations given the current external environment and also had to reflect risks around IT security.

Additional Risk: The Committee agreed an additional risk should be added to the risk register around the risks associated with academic restructuring and reconfiguring of professional services. It was acknowledged that while this was an operational risk, it covered the entire school and therefore warranted its addition to the Risk Register.

Internal Audit Progress Report & Recommendation Tracker   AC 16/17 4 G

The Committee **noted** the Internal Audit Progress Report and recommendation tracker.

Internal Audit: Immigration Controls   AC 16/17 4 H

Audit Committee welcomed the Deputy Director, Human Resources to the meeting. The Committee **noted** an update from the Deputy Director on the approach taken to implementing the recommendations arising from the internal audit of immigration controls. This included work undertaken around right to work checks and records around how these were recorded. The Committee noted that systems being introduced to pay fractional workers included functions that would also improve monitoring of this work. The plan would be to roll out the system to casual staff later. The Committee welcomed the actions taken to implement the recommendations from the Internal Audit Report. The Deputy Director also updated the Committee on the key issues encountered when ensuring compliance with immigration controls requirements. The Committee noted that the plan to roll out the system changes to casual staff would address some of the compliance issues encountered.

External Audit – Planning Report (Year end 31 July 2017)   AC 16/17 4 I

The Committee **approved** a Report from the External Auditors, BDO on the Planning Report (Year-end 31st July 2017) which set out a planned scope and timing of the audit, including key relevant issues as required by International Standard on Auditing. An update was provided on a change to the BDO team and the relevant experience of new members. It was agreed that an additional ad-hoc Audit Committee would be scheduled in January 2018 to handle the US GAAP Conversion Audit Report. It was noted that any decision taken around LMEI and its charitable status would not take effect until 1st August 2018.

Preparation for TEF, next stage   AC 16/17 4 J

Audit Committee welcomed the Pro-Director Learning and Teaching to the meeting. The Committee **noted** an update from the Pro-Director on preparations for the next stage of TEF and the implications of the different metrics used in the TEF. The Pro-Director updated the Committee on the expected outcome of the TEF Year 2 and the associated action plans that were SOAS wide and departmental actions. The Committee also noted that work was taking place to try to highlight that the indicators used in the TEF were particularly problematic for London institutions. The Pro-Director noted that the School needed to keep under observation indicators that might be included in the TEF in the future. The School would also need to make a decision whether to enter into TEF Year 3. It was noted that Audit Committee could add value by its deep dive of Academic Quality Reporting and the risk management process.

Minute	Action Detail	By	Person
6 October 2016			
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
9 February 2017			
Prevent: Risk Analysis **AC 16/17 3 G**	Prevent duty: Run a review on whether there were controls in place and that they were working in each instance	October 2017	KPMG
18 May 2017			
AC 16/17 4 B **Action Points: Deep Dives**	Organise Deep Dives for 2017/18	September 2017	AMOM
Action Points: US Student Loans – SOAS Compliance Audit 2015-16	Report to be produced on compliance with Audit Committee's direction in relation to the recommendation from the US Student Loans – SOAS Compliance Audit 2015-16 for the next meeting of the Committee.	September 2017	AMOM
AC 16/17 4 F **Institutional Risk Register**	The Committee agreed an additional risk should be added to the risk register around the risks associated with academic restructuring and reconfiguring of professional services.	September 2017	CI