

**Minutes of the meeting of the South Bank Colleges Audit Committee
held at 3.00pm on Tuesday 11 June 2019
Lambeth College Board Room (C303), 45 Clapham Common South Side,
London SW4 9BL**

Present

Andrew Owen (Chair)
Steve Balmont

Apologies

Mee Ling Ng

In attendance

Michael Broadway
Richard Flatman
Natalie Ferer
Fiona Morey
Jacqueline Mutibwa
Michael Webb
Lorna Raynes, Internal Auditors
Jack Stapleton, External Auditors

1. Welcome and apologies

The Chair of the meeting welcomed the Committee Members to the first SBC Audit Committee meeting since the transfer of Lambeth College to SBC. Apologies were received from Mee Ling Ng.

2. Declarations of Interest

The Committee noted the following declarations of interest: Steve Balmont and Mee Ling Ng are directors of LSBU.

3. Lambeth College Audit Report for final period ending 31 January 2019

KPMG External Audit Findings report

KPMG presented the Audit Highlights Memorandum and Management Report for the Lambeth College Corporation (LCC) closure accounts for the period ending 31 January 2019.

The Committee noted that as the successor body to LCC, SBC Board would be requested to approve closure accounts for LCC. The report set out the key issues identified during the audit.

The Committee discussed in detail the significant risks and noted that there were no matters of concern. It noted the auditor's recommendations to help improve performance and avoid weaknesses that could lead to material loss or misstatement.

It was noted that there was one significant control deficiency in relation to the Corporation Board's register of interests, which had not been updated since November 2017. The Committee noted that this related to LCC, which has dissolved. The SBC Board's register of interests was up to date.

The Committee reviewed the key findings from the audit and noted that overall it was a satisfactory report and that the auditor's opinion was likely to be unqualified.

Draft External Audit Letter of Representation

The Committee reviewed the letter of representation. It was noted that some minor amendments were received including to reflect that the £4,391K grant is not all conditional but partly conditional and unconditional.

The Executive confirmed to the Committee that they know of no reason why the letter of representation cannot be approved by the Committee in substantially the form presented to the meeting.

The Committee recommended the letter to the Board for approval, subject to minor amendments.

4. Lambeth College Statutory Accounts ending 31 January 2019

The Committee discussed the draft annual report and financial statements for LCC for the period ending 31 January 2019 in detail.

The Committee noted:

- that the accounts had been prepared on a going concern basis having reviewed the Corporation's financial position and the letter of support from London South Bank University.
- that there had been a change of auditors. On 16 January 2019, the SBC Board had appointed KPMG to undertake the audit of Lambeth Corporation's closure accounts ending 31st January 2019 to ensure a smooth transition of audit arrangements to SBC and the audit of LSBU group accounts at 31st July 2019. KPMG also provided added assurance from LSBU existing group auditors on the opening balances inherited by LSBU group. The Committee noted that the Corporation's auditors, Buzzacott, had not disclosed any circumstances connected with their resignation which they considered should be brought to the attention of the company.

The Executive confirmed to the Committee that they know of no reason why the draft Annual Report and Accounts including the Statement of Corporate Governance and Internal Control cannot be approved by the Committee in substantially the form presented to the meeting.

The Committee noted that minor amendments needed to be made to the report and financial statements. A tracked changed version would be provided for the Committee meeting.

The Committee recommended the Draft Report and Accounts to the Board for approval at the meeting on 3 July 2019, subject to minor amendments.

5. RSM Internal Audit Report

The Corporation's Internal Auditors RSM, were delivering the 2018/19 internal audit programme to 31 July 2019. BDO, LSBU Group's new Internal Auditors would deliver the internal audit services from 1 August 2019.

The Committee reviewed the audit report of the Key Financial Controls that was undertaken as part of the approved internal audit plan for 2018/19 in October 2018 and May 2019. The audit covered the following areas: General Ledger, Cash, Bank and Treasury Management, Non- ESFA Income and Debtors, Procurement and Payments, Payroll and Health & Safety.

The October 2018 report gave the Committee 'reasonable assurance' that the controls upon which the College relies to manage these areas are suitably designed and consistently applied. The May 2019 report was 'partial assurance'. The Committee reviewed the priority issues identified that required management action. The Committee would be provided with an action tracker of the progress of implementing the recommendations made.

6. Review of the Corporate Risk Register

The Committee discussed the report in detail, which had been reviewed by the College Leadership Group. It was noted that the register had been aligned with the LSBU risk register.

The Committee noted the key risks, which relate to the failure to comply with statutory and regulatory obligations such as safeguarding & prevent, health & safety and GDPR. It was noted that the compliance risks were due to lack of training, accountability and weak processes/systems and that work was being undertaken to address the issues through the transition project work. It was noted that the mitigation measures/actions in the register together with the recommendations from the internal audit should mitigate the risks.

The Committee noted the risk register and requested that it was streamlined and more strategic.

7. Group External Audit Plan

The report set out KPMG's LSBU Group External Audit Plan for 2018/19.

The Committee discussed the LSBU group audit arrangements. It was noted that although SBC accounts would be consolidated into the LSBU group accounts, the SBC Board was responsible for the approval of its accounts.

The Committee approved the SBC aspects of the LSBU Group External Audit Plan 2018/19 and that it would be considered by LSBU Audit Committee on 13 June 2019.

8. Any other business

Arrangements for Audit Committee meetings

The Committee requested clarity on its future meeting arrangements. It was noted that the group governance arrangements were still being considered and that the Chairs of the Audit Committees in the LSBU Group would have a meeting to discuss the best approach to overseeing the audit work. The Committee would be kept updated.

**Date of next meeting
10.00 am on Wednesday 6 November 2019**

Confirmed as a true record

.....(Chair)