



LEEDS  
BECKETT  
UNIVERSITY

# AUDIT COMMITTEE

Friday 02 November 2018  
at 13:30 in G07 Old Broadcasting House, City Campus

**Governance & Legal Services**

Leeds Beckett University, 101 Old Broadcasting House, City Campus, Leeds, LS2 9EN  
T: 0113 812 7542 E: [Governance@leedsbeckett.ac.uk](mailto:Governance@leedsbeckett.ac.uk)





## AGENDA for the meeting on Friday 02 November 2018

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The ninety-seventh meeting of the Audit Committee will be held at 13:30 in Room G07, Old Broadcasting House, City Campus.

13:30	<b>Part A: Preliminary Items</b>	<b>Paper</b>	<b>Led by</b>
	A1 Apologies	Oral Report	Secretary
	A2 Declarations of Interest	Oral Report	Chair
	A3 Terms of Reference and Membership	AUD-2018-001	Chair
	A4 Minutes of the last meeting held on 22 June 2018	AUD-2018-002 <b>CONFIDENTIAL</b>	Chair
	A5 Matters Arising	AUD-2018-003 <b>CONFIDENTIAL</b>	Chair
13:40	<b>Part B: Risk Management</b>	<b>Paper</b>	<b>Led by</b>
	B1 Corporate Risk and Assurance Register	AUD-2018-004 <b>CONFIDENTIAL</b>	S Harper
	B2 Risk management – Deep Dive: Teaching Excellence Framework (TEF)	AUD-2018-005 <b>CONFIDENTIAL</b>	P Cardew
	B3 Risk management – Deep Dive: Research Excellence Framework (REF)	AUD-2018-006 <b>CONFIDENTIAL</b>	A Slade
14:10	<b>Part C: Internal Audit Reports</b>	<b>Paper</b>	<b>Led by</b>
	C1 Internal Audit – Progress Report	AUD-2018-007 <b>CONFIDENTIAL</b>	KPMG
	C2 Internal Audit Strategy and Operational Plan 2018/19	AUD-2018-008 <b>CONFIDENTIAL</b>	KPMG

C3	<u>Internal Audit Reports</u>		
	(a) GDPR II	AUD-2018-009 <b>CONFIDENTIAL</b>	KPMG
	(b) Fraud	Verbal Report	KPMG
	(c) Fire Safety	AUD-2018-010 <b>CONFIDENTIAL</b>	KPMG
14:45	<b>Part D: Annual Reports and Financial Statements</b>	<b>Paper</b>	<b>Led by</b>
D1	Data Quality Management Report 2017/18	AUD-2018-011 <b>CONFIDENTIAL</b>	S Harper
D2	Internal Audit Annual Report & Opinion 2017/18	AUD-2018-012 <b>CONFIDENTIAL</b>	KPMG
D3	External Audit Report / External Management Letter for the year ended 31 July 2018	AUD-2018-013 <b>CONFIDENTIAL</b>	EY
D4	Draft Financial Statements for the year ended 31 July 2018	AUD-2018-014 <b>CONFIDENTIAL</b>	P Harrison
D5	Audit Committee Annual Report and Opinion 2017/18	AUD-2018-015 <b>CONFIDENTIAL</b>	Chair
D6	Value for Money Update	AUD-2018-016 <b>CONFIDENTIAL</b>	P Harrison
15:35	<b>Part E: Governance &amp; Compliance</b>	<b>Paper</b>	<b>Led by</b>
E1	Prevent Annual Monitoring Report	AUD-2018-017 <b>CONFIDENTIAL</b>	S Harper
E2	Annual Report on Compliance Matters	AUD-2018-018 <b>CONFIDENTIAL</b>	S Harper
E3	Annual Report on Fraud Matters	AUD-2018-019 <b>CONFIDENTIAL</b>	S Harper
15:55	<b>Part F: Other Business</b>	<b>Paper</b>	<b>Led by</b>
F1	Schedule of Business 2018/19	AUD-2018-020	Chair
F2	Other Urgent Business		Chair
F3	Date of next meeting:		

Friday 08 February 2019, 13:30 - 16:30, G07 Old Broadcasting House, City Campus

16:00	<b>Part G: Reserved Business (Committee members only)</b>	<b>Paper</b>	<b>Led by</b>
	G1 Creative Arts Complaint Update	Oral Report	C Thomas
			Kate Harvey

■ *Shaded items indicate that the Committee is being asked to make a decision.*

*\*Starred items will be taken without discussion unless a member notifies the Chair or Secretary in advance that she or he wishes the item to be open for debate*



## **Terms of Reference and Membership**

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### ***Executive Summary***

The report sets out the Audit Committee's current terms of reference and membership which were approved by the Board of Governors on 13 July 2018.

The membership of the Committee was reduced from six to five, to include four independent Governors and one co-opted or external member. Nick Whitaker was reappointed as Chair of the Committee for the 2018/19 academic year. Steven Webb stood down from the Board with effect from 31 August 2018, and as such there remains a vacancy for one independent Governor on the Audit Committee.

### ***Action Requested***

This report is **for information**. The Committee is invited to note the current terms of reference and membership.

### ***Appendices***

Appendix A – Terms of Reference 2018/19

Appendix B – Membership Profile 2018/19

### ***Author***

*Name:* Kate Harvey

*Job title:* Executive Officer

*Date:* 02 October 2018

## Audit Committee Constitution 2018/19

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### Terms of reference

The Committee will **advise** the Board of Governors on:

- 1 the appointment, remuneration, performance, resignation or dismissal of the internal and external auditors;
- 2 any significant problem arising from the reports of:
  - a) the internal auditor;
  - b) the external auditor;
  - c) the Office for Students (OfS);
  - d) The National Audit Office;

or any other matters which the Committee feel ought to be drawn to the attention of the Board;

- 3 the approval of the report and annual financial statements, including:
  - a) the consideration of the external audit opinion
  - b) the consideration of the statement of members' responsibilities
  - c) the consideration and review of any accounting policies
  - d) an assessment of the effectiveness of internal controls

(This is distinct from the role of the Finance, Staffing & Resources Committee in considering and recommending the Operating and Financial Review to the Board).

- 4 the annual management letter of the external auditor;
- 5 the annual review of the University's Financial Regulations and the approval of any revisions to the Financial Regulations;
- 6 policy and framework on risk management;
- 7 an annual report on the Committee's business which must include the Committee's opinion on the adequacy and effectiveness of the institution's arrangements for: risk management, control, governance; and economy, efficiency and effectiveness. The report must be considered by the Committee and must also be submitted to the Vice-Chancellor and OfS.



## Delegated authority

The Committee has **delegated authority** to:

- 1 monitor the performance and effectiveness of the internal and external auditor;
- 2 approve and monitor the Internal Audit Annual Plan;
- 3 review internal audit reports and investigations, and monitor management action plans in response;
- 4 discuss with the External Auditor the nature and scope of their audit;
- 5 discuss with the External Auditor the results of their audit/management letter; and approve and monitor management action plans in response;
- 6 monitor and review the effectiveness of the internal control system; framework for risk management and governance arrangements and recommend amendments, additions and deletions to the Board of Governors as necessary;
- 7 monitor the management of key strategic risk, including academic-related strategic risk, at each meeting, as identified through the Corporate Risk Register;
- 8 ensure that arrangements are in place to secure efficiency, economy, and effectiveness and value for money;
- 9 oversee and ensure the adequacy of the institution's policies and procedures in respect of fraud and irregularity, bribery, public interest disclosure ('whistleblowing') and compliance with the PREVENT duty, including being notified of any action taken under these policies;
- 10 to ensure that all significant losses have been properly investigated and that the internal and external auditors, and where appropriate the OfS, have been informed;
- 11 monitor and review the effectiveness the arrangements for the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Quality Assurance Agency for the Higher Education, the OfS, Student Loan Company and other funding bodies;
- 12 monitor the University's compliance with such aspects of the University's regulatory requirements as may be delegated to the Audit Committee for its oversight, as set out in the Board's Compliance Reporting Framework from time to time;
- 13 monitor all non-audit work done by the firms which are the University's Internal and External Auditors;
- 14 monitor the University's risk from research misconduct;

- 15 in the event of the merger or dissolution of the institution to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed; and
- 16 regularly review its terms of reference and its own effectiveness, including compliance with the Audit Code of Practice for Higher Education, and recommend any changes to the governing body.

The Committee shall report clearly to the Board each instance in which it has exercised its delegated authority.

## **Risk**

In discharging its responsibilities the Committee will, in each case, have due regard to considerations of risk.

The membership of the Committee shall consist of up to five members, four of whom should be independent governors with the other being either co-opted or external to the University.

A quorum is 3, including at least two independent governors.

## **Notes**

- 1 The Committee may obtain professional or legal advice it considers necessary, following consultation with the Chair of the Board. The Committee may not however commit expenditure in excess of £25,000 in procurement of this advice without the prior approval of the Board.
- 2 The Committee may meet on its own to discuss any matter within its remit with the internal and/or external auditors.
- 3 The Committee is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

Last reviewed: 22 June 2018

Approved by the Board of Governors: 13 July 2018

**Audit Committee: 2018/19****Membership [5]****Quorum [3]**

<b><u>Position</u></b>	<b><u>Member</u></b>	<b><u>Expiry of term of office as a Governor</u></b>
Independent Governor	Nick Whitaker (Chair)	31/08/2021
Independent Governor	Dr David Fletcher	31/08/2019
Co-opted Governor	Professor Peter Marsh	31/08/2020
Independent Governor	Gill Webber	31/08/2020
Independent Governor	<i>Vacancy</i>	



## **Schedule of Business 2018/19**

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### ***Executive Summary***

The report presents the Audit Committee's schedule of business for 2018/19 and will be considered at each meeting across the academic year and updated accordingly.

### ***Action Requested***

The report is **for information**. The Committee is invited to note the Schedule of Business and make suggestions for future agenda items throughout the year.

### ***Appendices***

Appendix A – Schedule of Business 2018/19

### ***Author***

*Name:* Kate Harvey  
*Job title:* Executive Officer  
*Date:* 02 October 2018

**AUDIT COMMITTEE**  
**Schedule of Business 2018/19**

*\*recommendation made to the Board of Governors*

Friday 02 November 2018, 13:30 – 16:30, G07 Old Broadcasting House	Friday 08 February 2019, 13:30 – 16:30, G07 Old Broadcasting House	Friday 12 April 2019, 13:30 – 16:30, G07 Old Broadcasting House	Friday 21 June 2019, 13:30 – 16:30, G07 Old Broadcasting House
<i>Report deadline: Thursday 18 October 2018, 5pm</i>	<i>Report deadline: Thursday 24 January 2019, 5pm</i>	<i>Report deadline: Thursday 28 March 2019, 5pm</i>	<i>Report deadline: Thursday 06 June 2019, 5pm</i>
<ul style="list-style-type: none"> <li>• Terms of reference &amp; membership</li> <li>• Risk management Deep Dive – Teaching Excellence Framework (TEF)</li> <li>• Risk management Deep Dive – Research Excellence Framework (REF)</li> <li>• Internal Audit 2017/18 Follow-up Report</li> <li>• Internal Audit Strategy and Operational Plan 2018/19</li> <li>• Internal Audit Report – GDPR II</li> <li>• Internal Audit Report – Fire Safety</li> <li>• Information Governance / Data Quality Assurance Report 2017/18</li> <li>• Internal Audit Annual Opinion 2017/18</li> <li>• External Audit Report / External Management Letter for the year ended 31 July 2018*</li> <li>• Draft Financial Statements year ended 31 July 2018*</li> <li>• Audit Committee Annual Report and Opinion 2017/18*</li> <li>• Prevent Annual Monitoring report</li> <li>• Annual report on Compliance Matters 2017/18</li> <li>• Annual report on Fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management Deep Dive – Cyber Security</li> <li>• Internal Audit In-Year Follow-up Report</li> <li>• Internal Audit Report – Fraud</li> <li>• Internal Audit Reports - <b>TBC</b></li> <li>• Internal Audit Feedback</li> <li>• Financial Regulations 2018 - Annual review*</li> <li>• Annual Procurement update</li> <li>• Audit Committee Effectiveness Review</li> <li>• Internal Audit Report - Fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management Deep Dive - People Strategy</li> <li>• Internal Audit In-Year Follow-up Report</li> <li>• Internal Audit Reports - <b>TBC</b></li> <li>• Transparent Approach to Costing (TRAC) return</li> <li>• Risk Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management Deep Dive – Office for Students (OfS) Compliance</li> <li>• Internal Audit In-Year Follow-up Report</li> <li>• Internal Audit Reports - <b>TBC</b></li> <li>• Annual report on Compliance Matters</li> <li>• Research Misconduct &amp; Research Integrity – Annual Report</li> <li>• Draft Internal Audit Plan 2019/20</li> <li>• Draft External Audit Strategy and Operational Plan 2019/20</li> <li>• Internal Audit Follow up report</li> <li>• Annual review of committee terms of reference &amp; membership</li> <li>• Schedule of Business 2019/20</li> </ul>
<b>Standing items</b>			
<ul style="list-style-type: none"> <li>• Corporate Risk and Assurance Register</li> <li>• Internal Audit – Progress Report</li> <li>• Implementation of Audit Recommendations – Progress Report</li> </ul>			