



Audit, Finance and Remuneration Functions

Introduction

LIS is a small, evolving organisation; and as such we have sought to develop a governance structure that is fit for purpose, and that will be flexible to adapt as we grow.

Given our small size, that we are growing, and the fact that we have a single programme, we have sought to develop a governance and management structure that is as lean, responsive, and communicative as possible. To this end, we have sought to limit the number of governance sub-committees to those that are absolutely necessary. We envisage that the majority of the traditional governance functions undertaken by the Audit Committee, Finance Committee and Remuneration Committee, with the exception of those functions specifically allocated to the Audit and Compliance Committee, will be divided between the Board of Directors, the Registrar, and the Executive Committee.

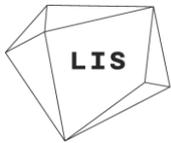
In time, we recognise that the School's growth may require additional sub-committees to be added to the governance structure. In the interim and pending moving to separate audit and remuneration committees, and given the recent decision to apply for approved fee-cap registration, the School has added the Audit and Compliance Committee, which will have a review and audit function independent of the Board of Directors and Executive Committee. We shall, in the first years of our operation, review our governance structure and delegation scheme annually. As set out in our Scheme of Delegation, this shall be the responsibility of the Board of Directors.

Role of the Audit and Compliance Committee

The Audit and Compliance Committee consists of two lay members of the Board of Directors and one external member not associated with the School (and supported by the Registrar). The Committee shall, on behalf of the Board of Directors, satisfy itself that the School adheres to [public interest governance principles set out by the Office for Students](#) for registration as an approved fee-cap provider.

In doing so, the Committee shall review and evaluate whether or not there are sufficient mechanisms in place:

- to demonstrate that the School operates with integrity and is open, honest and accountable;
- to enable all students to engage with the governance of the School and that this allows for a range of perspectives to have influence;
- to test assurances that academic governance is adequate and effective and to hold the Academic Council to account;



- in relation to corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the School's operations, and its ability to continue to comply with all of its conditions of registration;
- to ensure that public funds are managed appropriately, in line with the conditions of grant and the principles of regularity and propriety and to provide transparency about value for money for students, stakeholders and taxpayers.
- to ensure that the size, composition, diversity, skills mix, and terms of office of the Board of Directors is appropriate for the nature, scale and complexity of the provider and that it has sufficient external, independent members.
- To ensure that the remuneration of executive staff and non-executive directors is appropriate and that remuneration and severance policy is appropriate;
- to ensure that the members of the governing body, those with senior management responsibilities, and individuals exercising control or significant influence over the provider, are fit and proper persons.

The Committee shall oversee:

- I. the financial reporting and disclosure process;
- II. the choice of accounting policies and principles;
- III. regulatory compliance, ethics, anti-bribery and corruption and whistle-blower processes;
- IV. the internal control process including the rolling internal audit programme;
- V. the performance of the internal audit function;
- VI. the effectiveness reviews of the Board of Directors and Academic Council.

The Committee shall meet at least twice a year, and more frequently where necessary (such as at the beginning and end of audit), and will provide an annual report to the Board of Directors on its findings from review and oversight and providing any recommendations for change or enhancement.

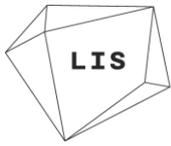
Where appropriate, the Committee may delegate an individual independent member to meet on its behalf with internal and external auditors and members of the senior management team.

Effectiveness reviews of the Board of Directors and Academic Council

The Audit and Compliance Committee will oversee the annual review of the effectiveness of the Board of Directors and of the Academic Council. This oversight responsibility includes:

- Agreeing the process for conducting the reviews;
- Briefing the review facilitator, which is the Registrar;
- Receiving reports on the reviews and making recommendations for improvements to the Board of Directors and the Academic Council.

Whilst the Audit and Compliance Committee will determine the detailed process for conducting the annual effectiveness review of the Board of Directors and the Academic Council, in general the review process will include:



- Individual meetings with each member by the facilitator to elicit comments or issues that directors may have, as well as to elicit peer review of other member;
- The circulation of a questionnaire, agreed by the Audit and Compliance Committee and covering areas such as:
 - The governing body's performance in relation to its objectives;
 - The interaction between the Board and the Academic Council;
 - The interaction between the Board and the Executive Committee;
 - The interaction between the governing bodies and their sub-committees;
 - Review of sub-committees;
 - The composition of the governing bodies, including balance of skills and experience and diversity;
 - The operation of the governing body, including conduct of meetings, group behaviours, and interaction between Board members;
 - The performance of the Chair;
 - Consideration of any other relevant external and internal audits or reviews.

The facilitator will provide written reports summarising the results of these reviews, including issues for discussion and areas for development. These reports will be shared with the Audit and Compliance Committee, which will agree recommendations for improvement. The reports and the Audit and Compliance Committee's recommendations will be discussed, and actions agreed, at the following Board and Academic Council meetings. Feedback will also be confidentially provided to individual members as assessed by their peers.

Oversight of Rolling Internal Audit programme

The Audit and Compliance Committee will oversee the School's five-yearly Rolling Internal Audit Programme, which requires audits of specific areas of the School's activities and services, both academic and non-academic. It is responsible for:

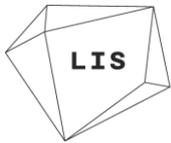
- Agreeing the Registrar's proposal for the Rolling Internal Audit Programme (in terms of activities and services to be audited, and timelines);
- Overseeing the delivery of the Programme;
- Monitoring the effectiveness of the internal audits, including subsequent management outcomes.

Oversight of other internal audits

The Audit and Compliance Committee will also oversee the effectiveness of the School's annual internal quality review mechanisms, as set out below.

Other audit, finance and remuneration functions

We envisage that the majority of the traditional governance functions undertaken by the Audit Committee, Finance Committee and Remuneration Committee, with the exception of those



functions specifically allocated to the Audit and Compliance Committee, will be divided between the Board of Directors, the Registrar, and the Executive Committee, as set out below.

Internal Audit Functions

Rolling Internal Audit Programme

The Registrar is responsible for the delivery of the Rolling Internal Audit programme, overseen by the Audit and Compliance Committee. Specifically, the Registrar is responsible for:

- Developing a proposal for the Rolling Internal Audit Programme, including areas for audit, deadlines and responsibilities, for agreement with the Audit and Compliance Committee;
- Managing the delivery of the Rolling Internal Audit Programme, including ensuring that internal audit reports are tabled for discussion at the Audit and Compliance Committee and at the Academic Council or Board of Directors as appropriate.

The Rolling Internal Audit Programme (RIAP) is in addition to the annual quality review mechanisms. The RIAP will focus on an area of provision each year which it will explore in depth through a thematic review approach. All internal audit reports will be reviewed by the Audit and Compliance Committee. All reports arising out of internal audits of teaching, learning and student experience will be reviewed by the Academic Council, steps for improvement agreed, and findings and agreed actions reported to the Board of Directors. All reports arising out of internal audits of other, non-academic activities will be reviewed by the Board of Directors and steps for improvement agreed.

Examples of internal audits of teaching, learning and student experience include:

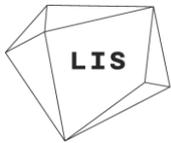
- The clarity, accuracy and helpfulness of the School's published information;
- Student experience of induction;
- The adequacy of the Learning Management System (LMS) and learning resources;
- The clarity, fairness, validity and effectiveness of assessment processes including feedback;

Examples of internal audits of non-academic activities and services include:

- IT effectiveness;
- GDPR compliance;
- The effectiveness of the site and facilities.

How Internal Audit Reports Are Compiled

In all cases, whether academic or non-academic, internal audit activities are undertaken by members of the relevant department or team. They must include:



- A Self-Evaluation Statement, setting out the strengths and weaknesses of provision, including evidence;
- Commentary on implementation of actions agreed by the Academic Council or the Board of Directors on previous issues of the area/ activity/ service being audited;
- External perspectives on the School's service delivery (e.g., perspectives of peer institutions, consultants, regulators, sector benchmarks);
- Review of suppliers and external providers where they are being used in service provision;
- Student feedback and analysis of feedback;
- Internal peer review;
- Review of any relevant feedback on the specified area from other internal or external audits.

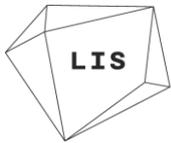
Annual internal audits

In addition to the five-yearly Rolling Internal Audit Programme, internal audit of all major School activities takes place through an annual programme of academic and non-academic reviews. The Audit and Compliance Committee oversees the effectiveness of these reviews.

Academic Quality and Standards—Annual Reporting

As set out in its Membership and Terms of Reference, the Academic Council receives annual academic quality and standards reports including:

- The Annual Programme Monitoring Procedure, including an annual assessment of effectiveness of the Annual Programme Monitoring Procedure;
- Review of an annual report submitted by the Director of Teaching and Learning on the character of the academic community of the School, judged against the criteria set out in the OfS Regulatory Framework, including plans for staff development and enhancement;
- Review of annual report submitted by the Director of Teaching and Learning on the scholarship and pedagogic effectiveness of learning staff;
- Review of a summary report on the findings and action plans from external examiners;
- Review of a summary report, submitted by the Director of Marketing and Recruitment, on student recruitment
- Review of a summary report, submitted by the Head of Admissions and Widening Participation , on admissions
- Review of a summary report, submitted by the Director of Student Experience, Careers and Partnerships and the Director of Teaching and Learning, on the operation and monitoring of student services;
- Review of a summary report, submitted by the Learning Resources and Property Working Group, on student facilities and resources;



- Review of a summary report submitted by the Registrar on student complaints and appeals, including applicant complaints and appeals;
- Review of major academic policies and regulations and their effectiveness, as set out in the academic regulations, policies and procedures.

The Academic Council reports to the Board of Directors on the outcome of these annual reviews with a summary of the monitoring, maintenance and protection of academic standards; the quality of the student experience, and the adequacy of the provision for the general welfare of students. It reports to the Audit and Compliance Committee on the School's compliance with the ongoing conditions of registration with the OfS.

Non-Academic Annual Reviews

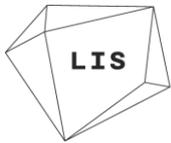
The Board of Directors audits the School's non-academic activities on at least an annual basis through, for example:

- Review of School performance against financial, operational, and strategic goals;
- Review of selected policies and their effectiveness;
- Review of Chief Executive and Executive Committee performance;
- Review of School's delivery against equality, diversity and inclusion objectives.

External Audit functions

The management and oversight of the external audit function is primarily carried out by the Audit and Compliance Committee, supported by the Registrar.

- **Board of Directors**
 - Meets with the external auditors at least once a year, without the presence of management.
- **Audit and Compliance Committee members**
 - Appoints, briefs, monitors and reviews the external auditors;
 - Investigates any underlying issues where an auditor resigns, and determines any further action;
 - Ensures that at least once every five years, the audit services contract is put out to tender, to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other firms;
 - Ensures that the auditor is rotated out after the maximum period of 10 years.
- **External auditor**
 - Reviews the adequacy and effectiveness of all internal controls;
 - Reviews the adequacy and security of the School's [Whistleblowing Policy and Procedure](#), ensuring that concerns are independently and proportionately investigated and followed up;

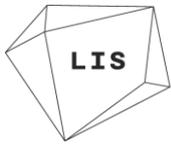


- Reviews the School's suspected fraud and whistleblowing register, and the reports to the Board on level of fraud risk at the School.

Risk Management functions

The Executive Committee and the Board of Directors closely monitor key risks and the operation of risk managements and controls through regular review of the School's Risk Register. External auditors provide reports to the Board of Directors on the effectiveness of risk management processes. The Audit and Compliance Committee provides additional oversight on the mechanisms for risk control.

- **Board of Directors**
 - Monitors the management of key risks through the review of the School's Risk Register on a six-monthly basis, gaining assurance from the Executive Committee on the management of these risks;
 - Considers independent reports from external auditors and the Audit and Compliance Committee on the effectiveness of management processes to identify, assess, monitor and manage risk;
 - Reviews the outcomes of internal audit work conducted on the risk management process and determines changes as appropriate;
 - Reviews and signs off the Risk Management Policy, authorising any changes proposed by the Executive Committee.
- **Audit and Compliance Committee**
 - Reviews corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of the School's operations, and its ability to continue to comply with all of its conditions of registration, and reports its findings and recommendations to the Board of Directors
- **Executive Committee**
 - Identifies, evaluates and monitors the key risks faced by the School, and scrutinises the actions to mitigate these risks via review of the Risk Register at each meeting;
 - Advises the Board on material business risks, the operation of risk management strategies and controls, and the effectiveness of risk management processes;
 - Recommends changes to the Risk Management Policy to the Board of Directors.
- **External auditor**
 - Reviews and advises the Board on the School's overall risk exposure and strategy;
 - Reviews the effectiveness of the School's management processes for identifying, assessing, monitoring and managing risk.

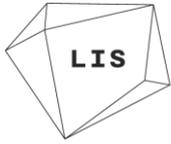


- **Director of Finance**
 - Ensures that the Risk Register is regularly updated.
 - Submits Risk Register for review to the Executive Committee (monthly) and to the Board of Directors (6-monthly), ensuring that any amendments are flagged.

Finance Committee Functions

LIS will divide the traditional functions of a Finance Committee between the Board of Directors, the Executive Committee, and the Director of Finance.

- **Board of Directors**
 - Approves any proposal for the School to borrow money;
 - Approves the financial arrangements in respect of proposals for the School to form or join any company, partnership or any other form of legal association;
 - Approves the level of tuition fees and residential fees paid by students;
 - Scrutinises any investments held by the School and their returns;
 - Approves the classification of specific debts as irrecoverable;
 - Approves items of expenditure that do not have budgetary provision above £100k;
 - Ensures an effective framework for the financial management of the School, including the approval of the financial regulations.
- **Executive Committee**
 - Approves items of expenditure that do not have budgeting provision between £50 and £100k;
 - Monitors and reviews the current and projected levels of income and expenditure across School departments;
 - Agrees management actions to ensure that the School remains within budget.
- **Director of Finance**
 - Monitors and reviews performance against budget and recommend action to the Executive Committee to ensure that the School remains within budget;
 - Advises the Board of Directors and the Audit and Compliance Committee on:
 - The solvency of the School and the safeguarding of its assets
 - Overall financial strategy and financial forecasting
 - Draft annual report and financial statements with supporting schedules
 - The rolling review of financial forecasts
 - Expenditure against budgets
 - Overall borrowing requirements including overdraft facility
 - Authorises items of expenditure that does not have budgetary provision up to £50k.
 - Recommends to the Board of Directors the appointment of the School's bankers, investment managers, and financial advisors (with the exception of auditors).
 - Monitors the insurance arranged to cover the School's property and liabilities.



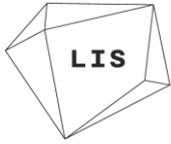
Remuneration Committee Functions

The traditional functions of a Remuneration Committee will be conducted by the Audit and Compliance Committee. When discussing remuneration, directors who are members of the Executive Committee must absent themselves from discussion. Other traditional functions of a Remuneration Committee will be discharged by the Executive Committee.

- **Board of Directors**
 - Reviews and determines the remuneration, benefits and conditions of employment for members of the School's Executive Committee (Band 2);
 - Ensures that the School's equality and diversity duties are discharged in the review and determination of the remuneration, benefits and conditions of employment for members of the School's Executive Committee;
 - Approves any severance or other extraordinary payments made to members of the Executive Committee;
 - Publishes any remuneration reports as set out in the School's Publication Scheme, as set out in the School's *Freedom of Information Policy*.

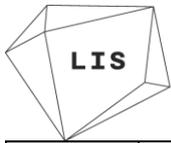
- **Audit and Compliance Committee**
 - Reviews and makes recommendations to the Board of Directors on the formation and adoption of policy in relation to remuneration;
 - Makes recommendations to the Board of Directors on the remuneration of the Chief Executive, non-executive directors and members of the executive team.
 - Review the appropriateness of the service conditions and benefits framework for all staff and recommend any substantive changes to the Board.
 - Receive reports on redundancy and non-contractual payments to staff e.g. settlement agreements and tribunal costs decided, by the Chief Executive.
 - Approve recommendations to dismiss staff who report directly to the Chief Executive

- **Executive Committee**
 - Reviews strategy, policy and parameters for determination of remuneration and benefits of senior staff in Band 3 (I.e., above £60k salary), with particular regard to equality and diversity duties;
 - Approves strategy, policy and parameters for determination of any severance payments for Band 3 and lower bands.



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Date of next review: (annually unless otherwise agreed)	
Related documents: (eg associated forms, underpinning processes, related policies or overarching policies)	Academic Council: Membership and Terms of Reference Audit and Compliance Committee: Membership and Terms of Reference Organisation Structure Overview Governance Overview

Version Control			
Version	Author	Date	Brief summary of changes
1	Hannah Kohler (Director of Admissions and Student Support)	10/03/2019	Original draft
2	Jasper Joyce (Director of Finance and Operations)	12/03/2019	Minor wording changes
3	Ed Fidoe (Chief Executive)	12/03/2019	Minor wording changes
4	Hannah Kohler (Director of Admissions and Student Support)	01/07/2019	Inclusion of reference to PIPS Panel and updated discharge of other audit and risk management functions.
5	Board of Directors	12/07/2019	Approved



6	Prof. Chris Maguire (Registrar)	22/07/2019	Inclusion of role of Registrar in governing bodies' self-assessment
7	Academic Council	18/12/2019	Requires review given decision to pursue NDAPs
8	Chris Maguire (Registrar)	21/2/20	Replacement of the PIPS Panel by the Audit and Compliance Committee and amendment of associated functions. Amendments to the list of examples of the rolling internal audit programme.
9	Academic Council	16/03/2020	Agreed as part of package of governance documents
10	Dr Andrew Redford (Head of Quality)	08/2021	Minor changes of job titles and membership