

## Audit and Assurance Committee Meeting

Date of Meeting	Tuesday 26 May 2020
Paper Title	Internal Audit – Audit Plan 2019-2022
Agenda Item	9
Paper Number	AAC4-E
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For approval

### 1. Report Purpose

1.1. Consider the draft Internal Audit Plan for 2019-2022.

### 2. Recommendations

2.1. The Committee is invited to:

- **consider** the draft Internal Audit Plan 2019-2022; and
- subject to any amendments, **agree** the Internal Audit Plans 2019-20 and 2020-21.

### 3. Report

3.1. The draft internal audit plan 2019-2022 is attached. The plan has been informed by discussions with the GCRB Executive and assumes an input of 15 audit days per annum.

### 4. Risk Analysis

4.1. The internal audit plan has been informed by GCRB's risk register.

### 5. Equalities Implications

5.1. There are no equalities implications arising from this report.

### 6. Legal Implications

6.1. There are no specific legal implications arising from this report.

### 7. Resource Implications

7.1. The provision of internal audit is a necessary component of an organisation's overall governance arrangement with regard to both financial and other matters.

### 8. Strategic Plan Implications

8.1. Through the Regional Outcome Agreement and associated requirements, GCRB has to have effective governance arrangements, of which internal audit is a key component.



# **Glasgow Colleges' Regional Board**

**Strategic Internal Audit Plan 2019 to 2022 and  
Outline Internal Audit Annual Plan 2019/20**

**Internal Audit Report 2020/01**

**Draft Issued: 13 September 2019**  
**2<sup>nd</sup> Draft Issued: 19 September 2019**

**Final Issued:**



# Contents

<b>1. Introduction</b>	<b>1</b>
<b>2. Strategic Plan 2019 to 2022</b>	<b>3</b>
<b>3. Annual Plan 2019/20 - Outline Scope and Objectives</b>	<b>6</b>



# 1. Introduction

- 1.1 We have been appointed as Internal Auditors of Glasgow Colleges' Regional Board ('the Board') for the four year period from 1 September 2016 to 31 August 2020, with an option available to the Board to extend for a further 12 months thereafter.
- 1.2 Internal audit primarily provides an independent and objective opinion to the Board and to the Executive Director on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Board's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the Board.
- 1.3 Internal audit also provides an independent and objective consultancy service specifically to help line management improve the Board's risk management, control and governance.
- 1.4 The purpose of this document is to present to the members of the Audit Committee the Strategic Plan for 2019 to 2022 and the outline annual internal audit operating plan for the year ended 31 July 2020.
- 1.5 We see completion of the Audit Needs Assessment (ANA) as very much a partnership process in order to ensure that the risks facing the Board are fully and properly identified and therefore covered in the work cycle.
- 1.6 Through discussions with management and review of key documentation (including the Strategic Plan 2019-2022, the strategic risk register and previous internal and external audit reports) we have built up a picture of the key issues facing the Board. This analysis informed a meeting with the Chair of the Audit Committee and the Finance & Resources Director to discuss the key risks, issues and priorities for the Board over the next three years. The topics selected for internal audit review are intended to address both the current and emerging issues facing the Board, which have developed since the move to Fundable Body status.
- 1.7 Undertaking this work allows us to consider the level of risk and complexity of each area of your operations and to assess the internal audit resources required to allow adequate coverage of the elements of the audit universe where it is appropriate for internal audit to focus attention. The audit universe utilised has been tailored specifically for the circumstances of the Regional Board. From this exercise we have drawn up a 3 Year Strategic Plan setting out proposed areas for audit over the internal audit cycle.
- 1.8 The Strategic Plan places the risk based planned coverage under three main strands: Governance, Financial and Performance. The planned coverage should be reviewed annually prior to finalisation of the Annual Plan and detailed audit planning of individual assignments.

- 1.9 There is an expectation by external auditors that some element of review is included in the internal audit programme each year in relation to core financial systems; budgetary processes and controls. This has been taken into consideration in formulating the Strategic Plan.
- 1.10 Value for Money (VFM) is an integral part of all audits and has been considered in developing the Strategic Plan. Specific VFM reviews will be carried out in areas agreed with management and the Audit Committee, although VFM is considered as an integral part of any audit work that we are undertaking.
- 1.11 We will draw on the experience within our team to provide input on the use of a wide range of business improvement tools, including the use of lean systems and methodologies, where this is appropriate and relevant to the specific audit assignment.
- 1.12 For discussion purposes, at Section 2 we have included proposed coverage for the three years commencing 2019/20 which has been determined from the ANA process. This takes into account previous internal audit coverage and other sources of assurance available to the Board.
- 1.13 At Section 3 we have included high-level outline scopes for each of the proposed areas to be covered in the 2019/20 internal audit programme.
- 1.14 Separate reports will be issued for each assignment. Recommendations are graded in each report to reflect the significance of the issues raised.
- 1.15 We can confirm that our audit service complies with Public Sector Internal Audit Standards (PSIAS).

## 2. Strategic Plan 2019 to 2022

The Strategic Plan covers the financial years 2019/20 to 2021/22. Audit days have been allocated to the categories identified from our review of key risk areas to produce a rolling programme of work. Frequency of visits, the number of days allocated, and the position in the audit cycle has been determined with reference to the combined risk factors identified in the ANA, and previous internal and external audit coverage.

### Audit Methodology

In all cases the audit work involves:

- Identification of the expected controls.
- Review of systems to identify actual controls.
- Consideration of established Best Practice in the area.
- Testing of controls to ensure they are operating effectively.
- Consideration of VFM issues where appropriate on all audit assignments and conducting specific VFM reviews as agreed with Board management and the Audit Committee.
- Consideration of the relevance of business improvement tools, including lean systems and methodologies, to individual audit assignments.
- Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Issue of a final report that summarises audit objectives, work carried out, the implications of the findings for internal control, and an action plan with areas for improvement. The action plan will allocate responsibility for the implementation and give a timeframe for completion.
- Follow-up of action plans in future years.

Draft Strategic Internal Audit Plan 2019 to 2022 and Internal Audit Annual Plan 2019/20

	Priority	Actual 19/20 Days	Proposed 20/21 Days	Proposed 21/22 Days
<b>Corporate Governance</b>				
GCRB governance	High			
Board member recruitment to assigned colleges	Medium			
Oversight of assigned colleges governance arrangements	Medium			
Compliance with SFC Financial Memorandum	High			
Reputation – publicity and communications	Medium			
<b>Corporate Planning</b>				
Influencing ROA development	Medium			4
Alignment of Corporate Plan / ROA & RSP	High		5	
Monitoring of progress against Corporate Plan	High			
Monitoring of achievement of target student numbers	High			
Student engagement	Low			
<b>Risk Management</b>				
Glasgow Region risk management	High	3		
Oversight of assigned colleges risk management)	Medium			
Disaster Recovery Planning	Medium			4
<b>Finance</b>				
Budget setting	Medium			
Receipt of funds and funding allocation	Medium			
Funding recovery	Medium			
Financial performance monitoring (GCRB and assigned colleges)	Medium			
Scenario planning / Risk	High			
Other key financial controls	Low			
Monitoring management of major capital projects	Medium			
Student support funds allocation and management	Low			
Shared Services	Medium	4		
<b>Performance</b>				
Oversight of programme of action	Medium			3
Collaborative Training Provision BPR	Medium	4		

**Draft Strategic Internal Audit Plan 2019 to 2022 and Internal Audit Annual Plan 2019/20**

	<b>Priority</b>	<b>Actual 19/20 Days</b>	<b>Proposed 20/21 Days</b>	<b>Proposed 21/22 Days</b>
<b>Other Areas</b>				
Staff recruitment, retention, succession planning, staff development and staffing policies	Medium		1	
Partnership working / lobbying (outwith GCRB group)	Medium		5	
Data Protection	Medium			
Freedom of Information	Low			
Arrangements with assigned colleges to provide services to GCRB	Medium			
IT systems	Low			
Efficiency studies	Medium			
Follow-up reviews	Various	1	1	1
<b>Audit Management</b>				
Management and planning )		3	3	3
External audit / SFC )				
Attendance at audit committees )				
<b>Total</b>		15	15	15
		=====	=====	=====

**Key:**

**Category:** Gov = Governance; Perf = Performance; Fin = Financial

ROA = Regional Outcome Agreement

RSP = Regional Strategic Plan

BPR = Business Process Review



### 3. Annual Plan 2019/20 - Outline Scope and Objectives

Audit Area	Outline Scope
<p><b>Glasgow Region risk management</b></p> <p><b>Date of presentation to the Audit Committee:</b> TBC</p>	<p>This review will build on the previous work conducted in this area. We will review the arrangements for the oversight and monitoring of mitigating actions associated with regional risks which are managed at operational / College level and the mechanisms for escalating and deescalating risks to/from the GCRB strategic risk register.</p>
<p><b>Shared Services</b></p> <p><b>Date of presentation to the Audit Committee:</b> TBC</p>	<p>We will examine the progress which has been made in exploring opportunities for shared services across the Glasgow Region. This will involve discussions with all three Colleges in the Glasgow Region.</p>
<p><b>Collaborative Training Provision BPR</b></p> <p><b>Date of presentation to the Audit Committee:</b> TBC</p>	<p>We will conduct a business process review to identify the current model around the collaborative approach to learning and teaching, with a specific focus on the commissioning of training. This will include statutory training (such as food hygiene and Health &amp; Safety courses) and non-statutory training and will explore opportunities for developing an internal market around training to deliver improved outcomes. A focus group will be convened to capture information from a range of stakeholders.</p>
<p><b>Follow-Up Reviews</b></p> <p><b>Date of presentation to the Audit Committee:</b> September 2020</p>	<p>This audit will look to establish the status of implementation of recommendations made in internal audit reports issued during 2019/20 and reports from earlier years where previous follow-up identified recommendations outstanding and confirm that the actions taken mitigated the identified weaknesses.</p>

**Aberdeen**

45 Queen's Road  
Aberdeen  
AB15 4ZN

**T:** 01224 322100

**Dundee**

The Vision Building  
20 Greenmarket  
Dundee  
DD1 4QB

**T:** 01382 200055

**Edinburgh**

Ground Floor  
11-15 Thistle Street  
Edinburgh  
EH2 1DF

**T:** 0131 226 0200

**Glasgow**

100 West George Street  
Glasgow  
G2 1PP

**T:** 0141 471 9870

MHA Henderson Loggie is a trading name of Henderson Loggie LLP, which is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of MHA, an independent member of Baker Tilly International Ltd, the members of which are separate and independent legal entities

© 2019 MHA Henderson Loggie

 **mha**  
HENDERSON LOGGIE

[hlca.co.uk](http://hlca.co.uk) | [info@hlca.co.uk](mailto:info@hlca.co.uk)