

## Audit Committee Meeting

Date of Meeting	Tuesday 29 May 2018
Paper Title	Internal Audit Progress Report and Scope for Funds Allocation Review
Agenda Item	9
Paper Number	AC4-E
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For discussion

### 1. Report Purpose

- 1.1. Note the Internal Audit Progress Report for 2017/18.

### 2. Recommendations

- 2.1 The Committee is invited to **note** the:
- Internal Audit Progress Report - 2017/18 Annual Plan; and the
  - Scope of work for the audit of the Receipt of Funds and Funding Allocation.

### 3. Internal Audit Progress Report

- 3.1. The attached report provides an overview of internal audit activity progress for 2017/18. Members should note that the activity is progressing in line with planned dates of completion.

### 4. Scope of Work – Receipt of Funds and Funding Allocation

- 4.1. The scope of work outlines the objectives of the audit of the Receipt of Funds and Funding Allocation scheduled for August 2018. This work is planned as part of the Internal Audit Annual Plan for 2017/18.

### 5. Risk Analysis

- 5.1. The work of the Internal Auditor is informed by an assessment of risk. The prompt implementation of the actions, in response to the audit recommendations, will enable GCRB to reduce the risks relating to compliance with the Financial Memorandum.

### 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 part.



## **Glasgow Colleges' Regional Board**

### **Internal Audit Progress Report 2017/18 Annual Plan**

**29 May 2018**

Progress in delivering the annual plan for 2017/18 is shown below.

Audit Area	Planned reporting date	Report status	Report Number	Overall Conclusion	Audit Committee	Comments
Internal Audit Annual Plan 2017/18	December 2017	Draft 27/11/17 Final 05/12/17	2018/01	N/A	05/12/17	
Externally Facilitated Board Effectiveness Review	March 2018	Draft 13/03/18 2 <sup>nd</sup> Draft 16/03/18 Final 19/03/18	2018/02	N/A	Board Meeting – 26/03/18	A total of 10 improvement actions were agreed to enhance the existing governance arrangements. The report was presented to the March 2018 Board meeting given the nature of the review and the requirement to report to SFC on the outcome by 31/03/18.
Monitoring of Progress Against Corporate Plan	May 2018	Draft 01/05/18 Final 08/05/18	2018/03	<b>Good</b>	29/05/18	
Receipt of Funds and Funding Allocation	September 2018					Fieldwork is scheduled for the week commencing 6 August 2018.
Follow-Up Reviews	September 2018					Evidence will be gathered in August 2018 to confirm the progress made in delivering previous internal audit recommendations.

Gradings are defined as follows:

<b>Good</b>	System meets control objectives.
<b>Satisfactory</b>	System meets control objectives with some weaknesses present.
<b>Requires improvement</b>	System has weaknesses that could prevent it achieving control objectives.
<b>Unacceptable</b>	System cannot meet control objectives.

<b>Audit Assignment:</b>	Receipt of Funds and Funding Allocation
<b>Priority:</b>	High
<b>Audit Committee Meeting:</b>	September 2018
<b>Days:</b>	3
<b>Start Date of Fieldwork:</b>	August 2018

### Scope

The scope of this audit will to test the operation of the processes and key internal controls in place over the collation of draw down requests to the SFC, the payment of funding from the SFC to the assigned colleges and monitoring the finances of assigned colleges.

### Objectives

The overall objectives of our audit will be to gain reasonable assurance that:

- There is a clear and appropriate process for issuing, reviewing and approving Cash Flow Returns;
- A robust agreement, supported by appropriate operating controls, is in place between GCRB and SFC for paying funds from the GCRB bank account to assigned colleges; and
- Appropriate monitoring is undertaken over the financial stewardship of the assigned colleges, specifically including capital, forecasting, income and expenditure and cash flows.

### Our audit approach will be:

We will document processes in place through discussion with the GCRB Finance and Resources Director and relevant SFC staff. Following this we will review supporting documentation to determine whether the agreements and processes in place are robust and functioning effectively.