

Audit Committee Meeting

Date of Meeting	Friday 11 March 2016
Paper Title	Internal audit plan 2015-16
Agenda Item	9
Paper Number	AC2-D
Responsible Officer	Henderson Loggie
Status	Disclosable
Action	For decision

1. Report Purpose

- 1.1. Consider the draft internal audit plan for 2015-16.

2. Recommendations

- 2.1. The Committee is invited to **agree** to recommend to the Board approval of the 2015-16 internal audit plan.

3. Background

- 3.1. The draft internal audit plan 2015-16 is attached for the Committee's consideration.
- 3.2. The internal audit plan has been informed by discussions with the Chair of the Audit Committee, the former Interim Chair of the Board and the Interim Chief Officer.
- 3.3. The plan assumes an input of 15 audit days.

4. Risk Analysis

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

5. Legal Implications

- 5.1. There are no specific legal implications.

6. Financial Implications

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

7. Regional Outcome Agreement Implications

- 7.1. Through the Regional Outcome Agreement and associated requirements, GCRB has to effective governance arrangements, of which internal audit is part.



Glasgow Colleges' Regional Board

Internal Audit 2015/16

Update on progress with preparation of Audit Needs Assessment and Strategic Plan

Issued: 3 December 2015

Updated: 29 February 2016



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1. Introduction

- 1.1 The purpose of this document is to update the Audit Committee on progress with preparation of the Audit Needs Assessment (ANA) and Strategic Plan, and detailed Internal Audit Annual Plan for 2015/16.
- The Audit Needs Assessment process**
- 1.2 The ANA is a fundamental first stage in planning internal audit work and producing an effective Strategic Plan. We see completion of the ANA as very much a partnership process in order to ensure that the risks facing GCRB are fully and properly identified and therefore covered in the work cycle. As such, it involves consultation with management, the Audit Committee and the external auditors.
- 1.3 From the discussions, review of key documentation (including the Risk Register, Fully operational fundable body status project plan and Regional Outcome Agreement) and work we have undertaken to date we have already gained a good understanding of GCRB and how the Board is operating. Cathie Wyllie (HL Partner) and Stuart Inglis (HL Director) met with the Interim Chief Officer on 5 November 2015, and the Interim Chair of the Board and the Chair of the Audit Committee on 20 November, to discuss the responsibilities of GCRB, its history and progress with establishing governance and other arrangements. We also discussed key risks, issues and priorities for each, as well as the approach we would take to developing the audit universe and plan for the unique circumstances of the organisation. We will also have discussions with the external auditors to identify any concerns they have or areas they would like us to focus on.
- 1.4 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 those operations. This will result in a formal ANA document setting out the audit universe, risks identified, our assessment of their likelihood and impact, and an overview of controls in place. From this we will draw up a draft Strategic Plan setting out proposed areas for audit over the normal three year internal audit cycle. The audit universe will be specifically identified for the unique circumstances of GCRB.
- 1.5 It was agreed that a number of areas that were discussed would not be suitable for inclusion in year one of the Strategic Plan. Some of these would develop in time once the relationships between GCRB and the Scottish Funding Council, and the roles and relationships between the GCRB and the assigned colleges have developed further. Areas to be excluded were:
- Corporate Governance as this is already subject to external review by Audit Scotland in conjunction with the external auditors; and
 - Working with internal auditors across all the assigned colleges to consider consistency of approach and to identify and share good practice.

Audit Committee input on 11 March 2016

1.6 At the Audit Committee meeting on 11 March 2016, Cathie Wyllie and Stuart Inglis will attend to discuss the ANA process. This will be the committee members' opportunity to discuss:

- the identified audit universe and any changes required;
- the issues that you would like to see being reviewed by internal audit;
- raise any areas of concern or where information for assurance to members is felt to be limited; and
- any areas you think we do not need to consider.

These views will then be incorporated into the assessment.

1.7 For discussion purposes, at Appendix I we have included proposed coverage in 2015/16 determined from the ANA process to date.

1.8 At Appendix II we have included outline scopes for each of the proposed assignments to be carried out in 2015/16. More detailed scopes would be included in the internal audit Annual Plan.

Appendix I – Summary of Potential Internal Audit Coverage

Allocation of Audit Days

	Proposed 15/16 Days
Corporate Governance	
GCRB governance	0
Board member recruitment to assigned colleges	0
Oversight of assigned colleges governance arrangements	0
Reputation – publicity and communications	0
Corporate Planning	
ROA development)	4
Monitoring of progress against ROA)	
Monitoring of achievement of target student numbers	0
Student engagement	0
Risk Management	
GCRB risk management)	4
Oversight of assigned colleges risk management)	
Finance	
Budget setting and funding allocation	0
Financial performance monitoring (GCRB and assigned colleges)	4
Key financial controls	0
Monitoring management of major capital projects	0
Student support funds allocation and management	0
Processes for preparing consolidated financial statements	0
Performance	
Academic quality arrangements	0
Sharing of good practice and collaboration	0
Other Areas	
Staffing issues	0
Partnership working (outwith GCRB group)	0
Data Protection / Freedom of Information	0
Arrangements with assigned colleges to provide services to GCRB	0
IT systems	0
Efficiency studies	0
Follow-up reviews	0
Audit Management	
Management and planning)	3
External audit / SFC)	
Attendance at audit committees)	
Total	<hr style="width: 50px; margin-left: auto; margin-right: 0;"/> 15 =====

Appendix II – Outline Scope of Proposed Internal Audit Work 2015/16

Audit Area	Outline Scope
<p>ROA development / Monitoring of progress against ROA</p>	<p>Overview of process to prepare Regional Outcome Agreement and establish baseline against which developments in future years can be compared to assess progress with development towards fully regional strategic approach.</p> <p>Consider mechanisms to include funding allocation and impact of curriculum and estates review phase I (in progress).</p> <p>Review processes and procedures in place for receiving information from assigned colleges and presentation to the Board to allow measuring impact and delivery of strategic objectives.</p>
<p>GCRB risk management / Oversight of assigned colleges risk management</p>	<p>The scope of this audit will be to consider whether there are corporate procedures in place, in line with good practice, to adequately assess risk and minimise the possibility of unexpected and unplanned situations developing.</p> <p>This will include consideration of how GCRB receives assurance that assigned colleges are managing risk.</p>
<p>Financial performance monitoring (GCRB and assigned colleges)</p>	<p>The audit will consider budget monitoring and management procedures in place for both GCRB and GCRB oversight of the assigned colleges, including reporting to the Board and the Scottish Funding Council, and the decision making process in year if funds need to be moved between assigned colleges.</p>