
Audit Committee Meeting

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| Date of Meeting | Tuesday 5 December 2017 |
| Paper Title | Internal Audit Annual Plan 2017-18 |
| Agenda Item | 12 |
| Paper Number | AC2-H |
| Responsible Officer | Jim Godfrey, Interim Finance & Resources Director |
| Status | Disclosable |
| Action | For decision |

1. Report Purpose

1.1. Consider the draft Internal Audit Plan for 2017-18.

2. Recommendations

2.1. The Committee is invited to **agree** the Internal Audit Plan 2017-18.

3. Report

3.1. The draft internal audit plan 2017-18 is attached for the Committee's consideration.

3.2. The internal audit plan has been informed by discussions with the GCRB Executive.

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 arising from this report.

6. Resource 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. Strategic Plan Implications

7.1. 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 Annual Plan 2017/18

Internal Audit Report No: 2018/01

Draft Issued: 27 November 2017

Final Issued:



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1. Introduction

- 1.1 The purpose of this document is to present for consideration by the Audit Committee the annual operating plan for the year ended 31 July 2018.
- 1.2 As part of the preparation of the Internal Audit Strategic Plan for 2016/17 to 2018/19 (included in Internal Audit Report 2017/01, finalised in February 2017) audit needs were assessed and prioritised through discussion with the GCRB Executive Director and Chair of the Audit Committee, and review of GCRB documents together with previous internal and external audit reports. The assessment covered the main areas where GCRB is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. During 2016/17 the plan was reviewed and the proposed three-day review of 'Receipt of funds and funding allocation' was deferred into 2017/18 and three of the five days set aside for 'Corporate Planning' in 2017/18 were accelerated into 2016/17. The remaining planned coverage for 2017/18 in the Strategic Plan has been reviewed to determine whether any other changes should be made, and no such changes have been identified.
- 1.3 A copy of the Strategic Plan, updated for the changes outlined in 1.2 above, is included at Section 2 of this report.
- 1.4 At Section 3 of this report we have set out the outline scope for each audit to be undertaken during 2017/18. These have been arrived at following discussion with the GCRB Executive Director and Interim Finance & Resources Director. Detailed scopes will be prepared following further discussion prior to fieldwork.
- 1.5 Separate reports will be issued for each audit assignment with recommendations graded to reflect the significance of the issues raised.

2. Strategic Plan 2016 to 2019

Proposed Allocation of Audit Days

| | Priority | Actual 16/17 Days | Proposed 17/18 Days | Proposed 18/19 Days |
|---|----------|-------------------------|---------------------------|---------------------------|
| Corporate Governance | | | | |
| GCRB governance) | High | | 5 | |
| Board member recruitment to assigned colleges) | Medium | | | |
| Oversight of assigned colleges governance arrangements) | Medium | | | |
| Compliance with SFC Financial Memorandum | High | 4 | | |
| Reputation – publicity and communications | Medium | | | |
| Corporate Planning | | | | |
| Corporate Plan / ROA development) | Medium | 3 | | |
| Alignment with assigned college plans) | High | | | |
| Monitoring of progress against Corporate Plan | High | | 2 | |
| Monitoring of achievement of target student numbers | High | | | 3 |
| Student engagement | Low | | | |
| Risk Management | | | | |
| GCRB risk management) | High | 4 | | |
| Oversight of assigned colleges risk management) | Medium | | | |
| Finance | | | | |
| Budget setting | Medium | | | |
| Receipt of funds and funding allocation | High | | 3 | |
| Funding recovery | High | | | |
| Financial performance monitoring (GCRB and assigned colleges) | High | | | |
| Scenario planning | High | | | 3 |
| Other key financial controls | Low | | | |
| Monitoring management of major capital projects | Medium | | | |
| Student support funds allocation and management | Low | | | |
| Processes for preparing consolidated financial statements | Medium | | | |
| Performance | | | | |
| Academic quality arrangements | High | | | 4 |
| Sharing of good practice and collaboration | Medium | | | |

Proposed Allocation of Audit Days (Continued)

| | Priority | Actual 16/17 Days | Proposed 17/18 Days | Proposed 18/19 Days |
|---|----------|-------------------------|---------------------------|---------------------------|
| Other Areas | | | | |
| Staffing issues | Low | | | |
| Partnership working (outwith GCRB group) | Medium | | | |
| Data Protection | High | | | |
| Freedom of Information | Low | | | |
| Arrangements with assigned colleges to provide services to GCRB | Medium | | | |
| IT systems | Low | | | |
| Efficiency studies | Medium | | | |
| Follow-up reviews | | 1 | 2 | 2 |
| Audit Management | | | | |
| Management and planning) | | 3 | 3 | 3 |
| External audit / SFC) | | | | |
| Attendance at audit committees) | | | | |
| Ad Hoc Work | | | | |
| Assistance with update of financial procedures | | 10 | | |
| Facilitated risk workshop | | 2 | | |
| Total | | <u>27</u> ===== | <u>15</u> ===== | <u>15</u> ===== |

3. Outline Scopes

| Audit Area | Outline Scope |
|---|---|
| <p>Externally Facilitated Board Effectiveness Review</p> <p>Date of presentation to the Board: March 2018</p> | <p>GCRB is required to conduct an externally validated effectiveness review for reporting to the Scottish Funding Council by 31 March 2018. A questionnaire will be issued, which covers the five sections of the Code of Good Governance, and 1 to 1 interviews will be conducted to gather the views of Board members and senior staff who work closely with the Board, including the Chair of each of the Board Committees. We will pressure test the views expressed through the completed questionnaires and the 1 to 1 interviews by undertaking a desktop review and through attendance at the December 2017 Board meeting. Thereafter a report will be produced for consideration at the March 2018 Board meeting to allow submission to the SFC.</p> |
| <p>Monitoring of progress against Corporate Plan</p> <p>Date of presentation to the Audit Committee: May 2018</p> | <p>Following on from the work undertaken in this area during 2016/17 we will review progress made against the regional leads operating plans and how these are reported on to the GCRB Board or GCRB sub-committees. We will also review reporting arrangements in place covering assigned colleges' performance regarding the seven strategic learning priorities set out in the GCRB Strategic Plan 2017-2022.</p> |
| <p>Receipt of funds and funding allocation</p> <p>Date of presentation to the Audit Committee: September 2018</p> | <p>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 of what the funds are spent on.</p> |
| <p>Follow-Up Reviews</p> <p>Date of presentation to the Audit Committee: September 2018</p> | <p>This audit will look to establish the status of implementation of recommendations made in internal audit reports issued during 2017/18 and reports from earlier years where previous follow-up identified recommendations outstanding, and confirm that the actions taken mitigated the identified weaknesses.</p> |