

Audit Committee Meeting

| | |
|---------------------|---|
| Date of Meeting | Tuesday 18 December 2018 |
| Paper Title | Internal Audit Annual Plan 2018-19 |
| Agenda Item | 11 |
| Paper Number | AC2-E |
| Responsible Officer | Jim Godfrey, Finance & Resources Director |
| Status | Disclosable |
| Action | For Decision |

1. Report Purpose

1.1. Consider the draft Internal Audit Plan for 2018-19.

2. Recommendations

2.1. The Committee is invited to:

- **consider** the draft Internal Audit Plan 2018-19; and
- subject to any amendments, **agree** the Internal Audit Plan 2018-19.

3. Report

3.1. The draft internal audit plan 2018-18 is attached for the Committee's consideration. The draft plan has been informed by discussions with the GCRB Executive and 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. 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.

9. Strategic Plan Implications

- 9.1.** 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 2018/19

Internal Audit Report No: 2019/01

Draft Issued: 14 November 2018

2nd Draft Issued: 06 December 2018

Final Issued:



Content

| | Page No. |
|---------------------------------------|-----------------|
| 1. Introduction | 1 |
| 2. Strategic Plan 2016 to 2019 | 2 - 3 |
| 3. Outline Scopes | 4 |

I. Introduction

- I.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 2019.
- I.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.
- I.3 The planned coverage for 2018/19 in the Strategic Plan has been reviewed to determine whether any changes should be made. The key changes made relate to the removal of the planned four day review of Academic Quality Arrangements. These days have been reallocated to a three day Corporate Governance review, which will examine the progress across the Glasgow Region in progressing the recommended improvement actions arising from the Externally Facilitated Board Effectiveness Review, with the remaining day added to the proposed review of Monitoring of Achievement of Target Student Numbers and delivery of enhanced regional outcomes to allow a separate summary report on Further Education Statistics (FES) to be compiled.
- I.4 A copy of the updated Strategic Plan is included at Section 2 of this report.
- I.5 At Section 3 of this report we have set out the outline scope for each audit to be undertaken during 2018/19. These have been arrived at following discussion with the GCRB Executive Director and the Finance & Resources Director. Detailed scopes will be prepared following further discussion prior to fieldwork.
- I.6 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 | | | 3 |
| 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 | | | 4 |
| 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 / Risk | 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 | | | |
| 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>Corporate Governance</p> <p>Date of presentation to the Audit Committee: TBC</p> | <p>This review will focus on the steps taken to ensure that the improvement actions arising from the Externally Facilitated Board Effectiveness Reviews (which were required by 31 March 2017 for all Colleges and by 31 March 2018 for regional bodies). This review will have a specific focus on the reporting of outcomes within the public domain in line with the expectations set down by the Scottish Funding Council in the relevant guidance note.</p> |
| <p>Monitoring of achievement of target student numbers and delivery of enhanced regional outcomes</p> <p>Date of presentation to the Audit Committee: TBC</p> | <p>This review will be divided into two distinct parts. The first element of the review will involve the production of a summary report for GCRB management which sets out the year end position for each of the Glasgow Region Colleges for FES returns. The second element will be a detailed review of the FES information which Colleges send to GCRB throughout the year; a comparison of the projections submitted to GCRB versus the outturn figures; and evaluation of the ownership and in-year reporting on performance against target student numbers within individual Colleges (to both the Senior Management Team and Committees). The review will also examine the way in which each of the Colleges in the Glasgow Region demonstrate the performance improvements required to deliver enhanced regional outcomes.</p> |
| <p>Scenario Planning / Risk</p> <p>Date of presentation to the Audit Committee: TBC</p> | <p>This review will focus on the work which is conducted with GCRB to assess the collective risks facing the Glasgow Region and the mechanisms deployed to conduct horizon scanning activity to ensure that emerging risks and opportunities are identified and effectively planned for.</p> |
| <p>Follow-Up Reviews</p> <p>Date of presentation to the Audit Committee: September 2019</p> | <p>This audit will look to establish the status of implementation of recommendations made in internal audit reports issued during 2018/19 and reports from earlier years where previous follow-up identified recommendations outstanding and confirm that the actions taken mitigated the identified weaknesses.</p> |