

Audit Committee Meeting

Date of Meeting	Monday 12 December 2016
Paper Title	Internal audit plan 2016-17
Agenda Item	11
Paper Number	AC2-G
Responsible Officer	Henderson Loggie
Status	Disclosable
Action	For decision

1. Report Purpose

1.1. Consider the draft internal audit plan for 2016-17.

2. Recommendations

2.1. The Committee is invited to **agree** to recommend to the Board approval of the 2016-17 internal audit plan.

3. Background

- **3.1.** The draft internal audit plan 2016-17 is attached for the Committee's consideration.
- **3.2.** The internal audit plan has been informed by discussions with the Chair of the GCRB Audit Committee and the GCRB Executive Director.
- **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

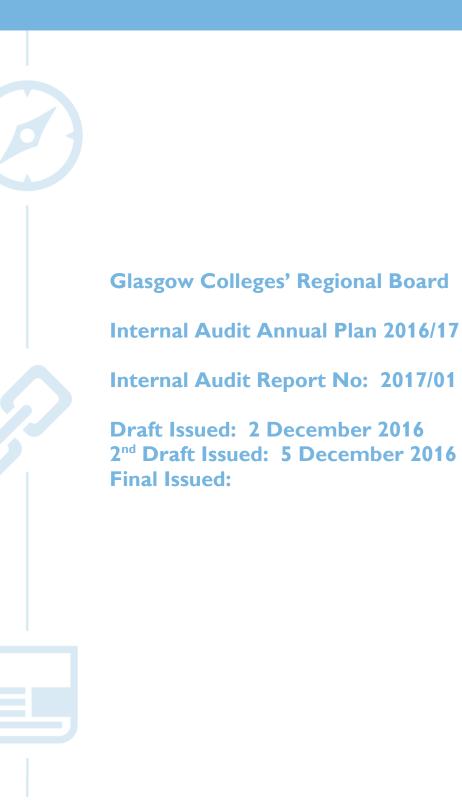
5.1. There are no specific legal implications.

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.



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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 2017.
- 1.2 Audit needs have been 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. Following on from the audit needs assessment a Strategic Plan has been formulated to cover the 2016/17 to 2018/19 financial years. The planned coverage for each year will be reviewed annually prior to the Annual Plan being finalised.
- 1.3 A copy of the Strategic Plan 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 assignment to be undertaken during 2016/17. These have been arrived at following discussion with the GCRB Executive Director. Detailed scopes will be prepared following further discussion prior to audit fieldwork.
- 1.5 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised.

2. Strategic Plan 2016 to 2019

Proposed Allocation of Audit Days

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

Proposed Allocation of Audit Days (Continued)

	Priority	Proposed 16/17 Days	Proposed 17/18 Days	Proposed 18/19 Days
Other Areas Staffing issues Partnership working (outwith GCRB group) Data Protection / Freedom of Information Arrangements with assigned colleges to provide services to GCRB IT systems Efficiency studies Follow-up reviews Audit Management	Low Medium Medium Low Medium	1	2	2
Management and planning)External audit / SFC)Attendance at audit committees)		3	3	3
Total		 15 =====	 15 =====	 15 =====

3. Outline Scopes

Audit Area	Outline Scope
Compliance with SFC Financial Memorandum	The SFC Financial Memorandum with Fundable Bodies in the College Sector sets out the formal relationship between the SFC and fundable bodies, and the requirements with which fundable bodies must comply as a term and condition of grant from SFC. The responsibility for ensuring that the GCRB complies with the Financial Memorandum rests with the Board. This audit will look at the systems that have been put in place to ensure compliance with the Financial Memorandum, including required reporting from assigned colleges to the GCRB.
GCRB risk management / Oversight of assigned colleges risk management	Following on from the work undertaken in this area during 2015/16 we will assist the GCRB to implement further elements of risk management good practice and ensure that robust internal control systems are in place to identify, assess, manage and report risks. This will include consideration of how the GCRB systems interact with those of the assigned colleges.
Receipt of funds and funding allocation	The scope of this audit will to test the operation of the processes and key internal controls in place over the receipt of funding from the SFC, payment to the assigned colleges and monitoring of what the funds are spent on.
Follow-Up Reviews	This audit will look to establish the status of implementation of recommendations made in previous internal audit reports and confirm that the actions taken mitigated the identified weaknesses.