

## Audit Committee Meeting

Date of Meeting	Monday 20 February 2017
Paper Title	Internal audit plan 2016-17
Agenda Item	10
Paper Number	AC3-F
Responsible Officer	Henderson Loggie
Status	Disclosable
Action	For decision

### 1. Report Purpose

- 1.1. Consider the internal audit plan for 2016-17, including proposed dates for audit activity.

### 2. Recommendations

- 2.1. The Committee is invited to **note** the 2016-17 internal audit plan.

### 3. Background

- 3.1. An updated internal audit plan for 2016-17 is attached for information.
- 3.2. The internal audit plan was discussed at the previous meeting of the Committee and approved by the GCRB Board meeting in December 2016.
- 3.3. Following Board approval, the GCRB Executive Director has met with the Internal Auditor and further the internal audit plan has been further refined, with additional detail and planned implementation dates agreed.

### 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 Annual Plan 2016/17**

**Internal Audit Report No: 2017/01**

**Draft Issued: 2 December 2016**

**2<sup>nd</sup> Draft Issued: 5 December 2016**

**Final Issued: 8 February 2017**



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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 and ad hoc 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 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	Proposed 16/17 Days	Proposed 17/18 Days	Proposed 18/19 Days
<b>Corporate Governance</b>				
GCRB governance )	High		5	
Board member recruitment to assigned colleges)	Medium			
Oversight of assigned colleges governance arrangements )	Medium			
Compliance with SFC Financial Memorandum Reputation – publicity and communications	High	4		
	Medium			
<b>Corporate Planning</b>				
Corporate Plan / ROA development )	Medium		5	
Monitoring of progress against Corporate Plan / ROA )	High			
Alignment with assigned college plans )	High			
Monitoring of achievement of target student numbers	High			3
Student engagement	Low			
<b>Risk Management</b>				
GCRB risk management )	High	4		
Oversight of assigned colleges risk management )	Medium			
<b>Finance</b>				
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			
<b>Performance</b>				
Academic quality arrangements	High			4
Sharing of good practice and collaboration	Medium			

Proposed Allocation of Audit Days (Continued)

	Priority	Proposed 16/17 Days	Proposed 17/18 Days	Proposed 18/19 Days
<b>Other Areas</b>				
Staffing issues	Low			
Partnership working (outwith GCRB group)	Medium			
Data Protection / 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
<b>Audit Management</b>				
Management and planning )		3	3	3
External audit / SFC )				
Attendance at audit committees )				
<b>Ad Hoc Work</b>				
Assistance with update of financial procedures		10 (max)		
Facilitated risk workshop		2		
<b>Total</b>		<u>27 (max)</u> =====	<u>15</u> =====	<u>15</u> =====

### 3. Outline Scopes

Audit Area	Outline Scope
<p><b>Compliance with SFC Financial Memorandum</b></p> <p><b>Date of presentation to the Audit Committee: May 2017</b></p>	<p>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.</p> <p>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.</p>
<p><b>GCRB risk management / Oversight of assigned colleges risk management</b></p> <p><b>Date of presentation to the Audit Committee: May 2017 (good practice model)</b></p>	<p>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 providing examples of a good practice model and we will facilitate a risk workshop to refresh the risk register.</p> <p>We will also consider how the GCRB systems interact with those of the assigned colleges.</p>
<p><b>Receipt of funds and funding allocation</b></p> <p><b>Date of presentation to the Audit Committee: September 2017</b></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 receipt of funding from the SFC, payment to the assigned colleges and monitoring of what the funds are spent on.</p>
<p><b>Follow-Up Reviews</b></p> <p><b>Date of presentation to the Audit Committee: September 2017</b></p>	<p>This audit will look to establish the status of implementation of recommendations made in internal audit reports issued during 2016/17 and in previous years and confirm that the actions taken mitigated the identified weaknesses.</p>

Audit Area	Outline Scope
<p><b>Update of Financial Procedures</b></p> <p><b>Date of presentation to the Audit Committee:</b> February 2017</p>	<p>We will assist in the development of:</p> <ul style="list-style-type: none"><li>• GCRB banking arrangements and associated GCRB finance procedures;</li><li>• Grant awarding procedures; and</li><li>• Financial monitoring arrangements.</li></ul> <p>This will involve assistance in the development of written procedures and advise on appropriate internal controls for agreement with the GCRB and SFC.</p>