



**Glasgow Clyde College**

**Internal Audit 2017/18**



**Update on the Internal Audit planning process**

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## 1. Introduction

- 1.1 The purpose of this document is to update the Audit Committee on the approach which will be taken to prepare the Audit Needs Assessment (ANA) and Strategic Plan, and the associated detailed Annual Internal Audit Plan for 2017/18.
- 1.2 As the current service provider for Glasgow Clyde College we would not require any handover meetings. However, we would like to meet with the Vice Principal – Resources and College Development, the Assistant Principal – Finance & Infrastructure, other senior managers and the Chair of the Audit Committee to discuss the service and to agree any changes that you would like to implement going forward. This would include discussion about the report format and recommendation and system grading to ensure ongoing applicability.
- 1.3 The relationship with the College should be open and flexible to ensure two-way communication to allow the service delivery to flow properly and the service to adapt quickly to any changing requirements of the College. This is achieved through the maintenance of strong working relationships between key contacts to ensure that discussion takes place as soon as it is required. This applies equally to the mobilisation stage, ongoing scheduled work on planning, fieldwork and reporting, and in dealing with ad-hoc issues as they arise and providing good practice information and advice. It also applies to internal audit interaction with the Audit Committee.
- 1.4 The outcomes from the discussions outlined in paragraph 1.2 will be captured in a Protocol document, which will be prepared in conjunction with the Assistant Principal – Finance & Infrastructure. This document will summarise the agreed mechanisms for ongoing mobilisation and communication throughout the life of the contract. This can be revised at any time if required. The Protocol document covers:
  - contact information for all key Henderson Loggie and client staff;
  - the agreed work and reporting timetable for the year ahead;
  - confirmation of attendance at all Audit Committee meetings by the Audit Partner (as defined by the APUC Framework), or Audit Manager in his absence;
  - agreed Key Performance Indicators (KPIs), including stated timeframes for production and finalisation of reports;
  - a brief summary of the planning and reporting procedures as described within this tender response and amended if required following discussion;
  - communication turnaround times for e-mails, telephone calls, and letters (normally a maximum of 24 hours, 24 hours and five working days respectively);
  - feedback arrangements from the College to us through our Client Care Programme which operates at three levels of engagement. These are after each assignment, quarterly (or to match Audit Committee cycle) and annually. The College can choose some or all of these mechanisms; and
  - arrangements to provide independent verification of our compliance with Public Sector Internal Audit Standards through our annual quality review.

## 2. The Proposed Approach

- 2.1 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 Glasgow Clyde College are fully and properly identified and therefore covered in the work cycle. As such, the preparation of the Strategic Plan involves consultation with management, the Audit Committee and your appointed external auditors, Scott Moncrieff, as noted in the detailed information provided below about our Audit Needs Assessment and Assurance Mapping process.
- 2.2 Engagement with various stakeholders is likely to include:

Stakeholder	Information needs	Medium of communication
Audit Committee	<ul style="list-style-type: none"> <li>Internal Audit (IA) Charter (sets scope for IA work), IA Protocol (sets out operational IA arrangements), KPIs (for performance monitoring) and report arrangements (format, gradings, timing of reports)</li> <li>Audit Needs Assessment, Strategic Plan and Annual Internal Audit Plan.</li> <li>report outcomes of all IA work</li> <li>IA attendance at Audit Committee meetings</li> <li>one to one meetings with Audit Committee members and IA</li> <li>open line of communication between Audit Committee Chair and IA</li> <li>discussion with IA on emerging risks affecting the organisation</li> </ul>	<p>Draft and final documents circulated by email or post, attendance at meetings</p> <p>Face to face</p> <p>Face to face</p> <p>Face to face</p> <p>Face to face</p> <p>By email / telephone or face to face</p> <p>Face to face</p>
Senior management and staff	<ul style="list-style-type: none"> <li>information as set out above</li> <li>detailed information on the IA strategic planning process, and process for planning, carrying out and finalising each IA assignment</li> <li>agreed key dates for individual audit assignments</li> <li>discuss outcomes of all IA work</li> <li>draft reports issued for discussion and to confirm factual accuracy</li> <li>follow-up of action plans in due course</li> </ul>	<p>As above</p> <p>Email, intranet or face to face as appropriate</p>
External audit	<ul style="list-style-type: none"> <li>timeframe and details for how to liaise with external auditors</li> <li>agreed process for providing reports and, if required, providing them with detailed working files</li> <li>contact details of key Henderson Loggie staff</li> </ul>	<p>Email, telephone or face to face as appropriate</p>

Stakeholder	Information needs	Medium of communication
Regional Strategic Body (RSB)	<ul style="list-style-type: none"> <li>• copy of Annual Internal Audit Plan submitted to the RSB by the College on request</li> <li>• copy of IA reports submitted to the RSB by the College on request, including Credits audit report</li> <li>• copy of IA Annual Report submitted to the RSB by the College in line with the Financial Memorandum</li> </ul>	Final reports
Scottish Funding Council (SFC)	<ul style="list-style-type: none"> <li>• copy of Annual Internal Audit Plan submitted to the SFC by the College</li> <li>• Credits audit report submitted to SFC</li> <li>• clarification provided to the SFC on any queries they have from review of the submitted documents</li> <li>• copies of other reports made available to the SFC by the College on request</li> </ul>	Final reports, email, telephone or face to face as appropriate

## Our Approach to Service Delivery

### Methodology

2.3 Each stage of our Audit PLUS+ approach summarised in the diagram below will be carried out independently for the College to suit the reporting timetables of the organisation. Detailed explanations of each stage are included below, but to summarise these cover:

- Stage 1 and 2 involve College staff and Audit Committee members with our team to identify the audit requirements for the three-year contract. Outputs from these stages are the audit needs assessment, assurance map and the strategic plan;
- Stage 3 agrees detailed scopes for the coming year;
- Stages 4 to 6 deliver the individual reviews, producing SMART action plans and including follow-up of implementation of the agreed actions.
- Stage 7 summarises the activity in the year, and concludes as required on 'the adequacy and effectiveness of the College's arrangements for risk management, control and governance and economy, efficiency and effectiveness'.



## Our Audit PLUS+ Model



## Agreeing the Audit Needs Assessment and Plans

- 2.4 The Audit Needs Assessment (ANA) is the fundamental first stage in planning internal audit work which enables us to design an effective Strategic Audit Plan tailored for the College. The ANA will be developed in partnership with you using an audit universe specifically designed for the Further Education sector. This targeted and collaborative approach ensures that the business risks facing the College, and their strategic priorities, are fully and properly identified and integrated into audit plans and addressed at appropriate points in the work cycle. Any requirements for specialist audits will be identified at this stage. The development of the ANA will provide an opportunity for us to build a sharing understanding of the key issues facing the College and will build on the existing good working relationship between College management and our team.
- 2.5 The ANA and planning process includes:
- Evaluation of the maturity of risk management processes and review of the risk register;
  - Individual meetings with senior managers and review of key documentation to confirm a comprehensive understanding of operations, systems, and governance mechanisms;
  - Application of our knowledge of risks facing the Further Education sector in general and specific risks relevant to the College;
  - Meeting with the external auditors to identify any concerns they have or areas they would like us to focus on;
  - Preparation of a formal ANA document setting out the audit universe, risks identified, our assessment of their likelihood and impact, and an overview of risk management strategies and controls in place. From this we will draw up a draft Strategic Audit Plan setting out what areas we plan to audit and in which year these will be audited;
  - Meeting with the Audit Committee members to understand their needs and preferences and present our draft ANA and Strategic Plan for discussion. Any comments from the Audit Committee will be taken into account in finalising the document;
  - Production of an Annual Internal Audit Plan with detailed scopes and timings for each assignment in the audit year; and
  - Meet with the Assistant Principal – Finance & Infrastructure to agree arrangements for each assignment to be undertaken during the year and identify the staff that we will need to speak with. The accommodation needs of the audit team for each assignment will be discussed and agreed as part of this process.
- 2.6 As part of our strategic planning process we consider other sources of assurance that are available to the Board and will provide an Assurance Map. This will give Board members and management a comprehensive picture of all the sources of assurance available to the College to demonstrate achievement of objectives and mitigate key risks. In addition to providing overall assurance on how the Board and management will receive the right information at the right times to direct and manage your business effectively it will also provide information about any duplication of effort and gaps in the available information to drive efficiency improvements.

## Audit Universe

- 2.7 Through discussions with the Audit Committee and management we would ensure that these, and any other issues identified were taken account of during the preparation of the ANA. We undertake internal audits over a wide range of areas and examples of other areas which we consider in the Audit Universe for a college ANA are:

### **Student Experience**

- Curriculum review and development
- Student recruitment and retention
- Admissions
- Student support
- International students

### **Organisational issues**

- Scenario planning
- Change management
- Risk management and business continuity
- Corporate governance
- Strategic and operational planning
- Project management
- Complaints
- Partnership working

### **Financial issues**

- Delivery of financial strategy
- Budgetary control
- Management of information to and from the general ledger and reporting
- Creditors / purchasing
- Procurement
- Cash & bank / Treasury Management
- Student fees
- Other income

### **Commercial issues**

- Income generation
- Business development
- Intellectual property

### **Reputational issues**

- External relations, including stakeholder engagement
- Health and safety
- Equalities

### **Information and IT**

- IT systems, including network security, access and system developments
- IT strategy
- Use in teaching
- Disaster recovery planning
- Data Protection
- Freedom of Information

### **Staffing issues**

- Recruitment, remuneration and staff development
- Payroll
- Employment legislation
- Sickness absence

### **Estates, facilities and asset management**

- Asset management
- Vehicle fleet management VFM
- Space management
- Physical security
- Maintenance
- Energy management VFM
- Shared services



## External Audit

- 2.8 To maximise the benefit of audit provision to the College, we believe that it is essential to have constructive and timely liaison between internal and external auditors. External auditors will expect to place reliance on probity work carried out by internal auditors. Internal audit is more flexible and therefore in certain areas internal audit work can be reduced or eliminated if it is being covered in sufficient depth by external audit. The key to avoidance of duplication is good communication starting with the preparation or update of the ANA. We will liaise with Scott Moncrieff, initially to obtain their input to the ANA and thereafter to ensure that the work programme gives the external auditors the assurance they require from internal audit work at the appropriate time.

## Annual Plan

- 2.9 Once the Strategic Plan is agreed an Annual Plan is produced taking account of comments received and with input from College staff. The plan includes:
- The detailed scopes, objectives and audit approach for each project;
  - Number of allocated days per project; and
  - Audit Committee reporting date.
- 2.10 In the second and subsequent years the Strategic Plan is reviewed and discussed with management and the Audit Committee to ensure that it is still relevant. Emerging risks, results of previous internal audit work, external audit reports, other assurance sources and the sector environment are all considered and the plan re-focussed if deemed necessary.

### 3. Next Steps

- 3.1 Following initial discussions with the Vice Principal – Resources and College Development it has been agreed that a full Audit Needs Assessment exercise will be carried out and a new 3 Year Strategic Plan will be prepared which will cover the period from 2017 to 2020.
- 3.2 It is anticipated that the discussions referred to in paragraph 1.2, regarding the way we will deliver our service and to agree any changes that you would like to implement going forward, will be taken forward as an integral part of the meetings to discuss the key issues facing the College which will be used to populate our Audit Needs Assessment. This will be captured in a draft Protocol document which will also be submitted to the November 2017 meeting of the Audit Committee.
- 3.3 The key stages in the planning process are set out in the table below, together with proposed timelines:

Who?	What?	When?
Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure	We will agree a list of a) senior College Managers b) Audit Committee members and c) External Audit staff who will be interviewed as part of the Audit Needs Assessment process. The discussions with management and Audit Committee members will also inform the development of the Protocol document described in paragraph 1.4 above.	Week commencing 18/09/17.
Assistant Principal – Finance & Infrastructure	We will contact the Assistant Principal – Finance & Infrastructure to request a copy of the most up to date version of the Strategic Risk Register, together with the most recent performance report showing progress in delivering against agreed KPIs.	Week commencing 18/09/17.
List of agreed managers, Audit Committee members and External Audit staff.	We will contact all of the people on the agreed list and agree dates to meet to discuss the areas of the Audit Universe which are most pertinent to their role.	Week commencing 25/09/17.
List of agreed managers, Audit Committee members and External Audit staff.	We will conduct the various interviews and use the output from these discussions, together with our review of the risk register and performance data, to populate an Audit Needs Assessment and to produce a Strategic Plan for the period 2017 to 2020. We will also produce a draft Assurance Map and a draft Annual Internal Audit Plan for 17/18 based on Year 1 of the draft Strategic Plan.	Between 02/10/17 and 20/10/17
Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure	We will submit a draft Protocol document, a draft Audit Needs Assessment and Strategic Plan 2017 to 2020, a draft Assurance Map and a draft Annual Internal Audit Plan 2017/18 for consideration and comment by the Vice Principal – Resources and College Development and the Assistant Principal – Finance & Infrastructure.	Week commencing 23/10/17

Who?	What?	When?
Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure and Clerk to the Board	<p>We will amend:</p> <ul style="list-style-type: none"> <li>a) the draft Protocol document</li> <li>b) the draft Audit Needs Assessment and Strategic Plan 2017 to 2020</li> </ul> <p>to reflect any comments from the Vice Principal – Resources and College Development and Assistant Principal – Finance &amp; Infrastructure and we will submit these agreed draft documents to the Clerk to the Board for inclusion in the papers to be considered by the Audit Committee at the scheduled meeting on 22 November 2017.</p>	Week commencing 06/11/17
Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure and Clerk to the Board	We will amend the draft Assurance Map to reflect any comments from the Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure and we will submit this agreed draft document to the Clerk to the Board for inclusion in the papers to be considered by the Audit Committee at the scheduled meeting on 22 November 2017.	Week commencing 06/11/17
Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure and Clerk to the Board	We will amend the draft Annual Internal Audit Plan 2017/18 to reflect any comments from the Vice Principal – Resources and College Development and Assistant Principal – Finance & Infrastructure. As part of the process of finalising the draft Annual Internal Audit Plan 2016/17 we will discuss with the Assistant Principal – Finance & Infrastructure and Clerk to the Board the timing and staff commitment required for each proposed review in the draft Annual Internal Audit Plan for 2017/18. This will allow us to populate each of the detailed scopes with realistic target Audit Committee dates and will provide the option to commence fieldwork in December 2017 if the draft Audit Needs Assessment and Strategic Plan 2017 to 2020 and the draft Annual Internal Audit Plan 2017/18 are approved by the Audit Committee on 22 November 2017.	Week commencing 06/11/17
Audit Committee	<p>The Audit Committee will consider the following documents for approval:</p> <ul style="list-style-type: none"> <li>a) the draft Protocol document</li> <li>b) the draft Audit Needs Assessment and Strategic Plan 2017 to 2020</li> <li>c) the draft Assurance Map</li> <li>d) the draft Annual Internal Audit Plan for 2017/18</li> </ul>	22/11/17