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AUDIT COMMITTEE REPORT

Subject: Draft Internal Audit Plan 2020-21	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 12 May 2020

Purpose: To discuss the planned programme of internal audit work for 2020-21.

Linked to Strategic Goal 5: Build Sustainability.

Executive Summary:

The attached Internal Audit Plan provides the proposed audits for 20-21. This is based on the Audit Needs Analysis which was presented to the Audit Committee for approval on 26 September 2019. Following further discussions it has also been agreed to swap the IT Systems review with the MIS review scheduled for 2021/22.

Recommendation: Committee discuss the proposed assignments for year 2020-21 and agree any amendments.

Previous Committee Approvals: n/a

For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

Wylie + Bisset
Chartered Accountants, Business & Tax Advisers

BORDERS COLLEGE

Borders College

Internal Audit Plan

2020 - 2021

May 2020

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1. Introduction

Background

Following our initial extended contract with the College from August 2012 to July 2017, with a subsequent two year extension to 31 July 2019, Wylie & Bisset LLP were re-appointed as Internal Auditors by the Audit Committee with effect from 1 August 2019 until 31 July 2022, with the option to extend for a further two years.

Internal Audit

The prime responsibility of the Internal Audit Service (IAS) is to provide the Audit Committee, the Principal and other Senior Management of the College, with an objective assessment of the adequacy and effectiveness of management's internal control systems.

IAS objectively examines, evaluates and reports on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the IAS must comply with the guidelines set down by the Chartered Institute of Internal Auditors and Public Sector Internal Audit Standards.

Terms of Reference – Internal Audit

The provision of the IAS by Wylie & Bisset LLP is covered by the letter of engagement dated 22 July 2019.

Formal Approval

The Audit Needs Assessment ("ANA") has been developed based on discussions with the Vice Principal: Finance & Corporate Services and a review of various documentation. The ANA was presented to the Audit Committee for approval on 26 September 2019. This plan covers the period 2020/21 and was developed following discussions with the Vice Principal: Finance & Corporate Services. Following discussions with the Vice Principal: Finance & Corporate Services it was agreed to swap the IT Systems review with the MIS review scheduled for 2021/22. This plan will be presented to the Audit Committee on 21 May 2020.

2. Operational Plan 2020/21

Audit Area	High level indicative summary scope	Total Number Of Days
Purchasing and Procurement	We will conduct a review of the controls in place for purchasing. Our review will consider the updated purchasing procedures following the Covid-19 lockdown. We will also conduct a high-level review of the procurement arrangements in place, from identifying procurement needs, through to appraising options and contracting with suppliers. Our review will look to provide assurance that the College is complying with legislative requirements.	3
MIS	The purpose of this review is to ensure that there appropriate controls in place within the College's MIS Department. This review will seek to provide assurance to the Board, via the Audit Committee, that the processes for student applications and enrolments are efficient and effective and that the controls in place are operating as expected.	3
Value for Money	The purpose of this assignment is to review the College's approach to saving and achieving value for money. We will also review the accuracy of the College's annual Statement of Efficiencies to the SFC.	3
Curriculum	The purpose of this assignment is assess the College's preparedness and progress towards online/remote delivery of the curriculum. Our review will also include the Business Development Unit.	3

2. Operational Plan 2020/21

Audit Area	High level indicative summary scope	Total Number Of Days
EMA	Our audit will follow the requirements of the SFC guidance issued.	2
SSF	Our audit will follow the requirements of the SFC guidance issued.	2
Credits	Our audit will follow the requirements of the SFC guidance issued.	5
Follow Up	The effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work will provide the Audit Committee with assurance that prior year recommendations are implemented within the expected timescales	1

2. Operational Plan 2020/21

Assignment Plans

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

Key Dates

Visit	Audit Areas	Key College Personnel	Provisional Date for Visit	Date of Issue of Draft Report	Provisional Date to the Audit Committee
Visit 1	EMA SSF Credits	Student Funding Manager Student Funding Manager Head of MIS	14 September 2020	25 September 2020	TBC
Visit 2	MIS Purchasing & Procurement	Head of MIS Finance Business Partner	14 December 2020	15 January 2021	TBC
Visit 3	Curriculum Value for Money Follow Up	Vice Principal: Curriculum Vice Principal: Finance & Corporate Services Vice Principal: Finance & Corporate Services	8 March 2021	26 March 2021	TBC

Appendix A - Summary of Internal Audit Input

1 August 2019 to 31 July 2022

System	Audit Area	Operating Plan (No. Of days)		
		2019/20	2020/21	2021/22
Financial Systems	Income Collection and Credit Control	3		
	Purchasing & Procurement		3	
	Budgeting and Financial Controls			3
Non Financial Systems	Commercial Income	3		
	Health and Safety			3
	Curriculum		3	
	Value for Money		3	
	Information Governance	3		
	Risk Management			3
	c/f	**9**	**9**	**9**

Appendix A - Summary of Internal Audit Input

1 August 2019 to 31 July 2022

System	Audit Area	Operating Plan (No. Of days)		
		2019/20	2020/21	2021/22
	b/f	**9**	**9**	**9**
IT	IT Systems			3
	MIS		3	
Governance	Corporate Governance	3		
Required	EMA	2	2	2
	SSF	2	2	2
	Credits	5	5	5
	Follow Up Review	1	1	1
	Audit Management	2	2	2
	Total	**24**	**24**	**24**

Appendix B - Grading Structure

For each area of review we assign a grading in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, some minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

For each recommendation we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Grading	Risk	Classification
High	High Risk	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency
Medium	Medium Risk	Significant issue or weakness which should be addressed by the College as soon as possible
Low	Low Risk	Minor issue or weakness reported where management may wish to consider our recommendation

Appendix C – Key Performance Indicators

Analysis of Performance Indicators

Performance Indicator	Target
Internal audit days completed in line with agreed timetable and days allocation	100%
Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 days before each start date	100%
Draft reports issued within 10 working days of exit meeting	100%
Management provide responses to draft reports within 15 days of receipt of draft reports	100%
Final reports issued within 5 days of receipt of management responses	100%
Recommendations accepted by management	100%
Draft annual internal audit report to be provided by 31 August each year	100%
Attendance at Audit Committee meetings by a senior member of staff	100%
Suitably experienced staff used on all assignments	100%