

AUDIT COMMITTEE REPORT

Subject: Draft Internal Audit Plan 2021-22	Purpose: For Approval <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/>	
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	Date: 12 May 2021	
Purpose: To discuss the planned programme of internal audit work for 2021-22.		
Linked to Strategic Goal 5: Build Sustainability.		
Executive Summary: <p>The attached Internal Audit Plan provides the proposed audits for 2021-22.</p> <p>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.</p>		
Recommendation: Committee discuss the proposed assignments for year 2021-22 and agree any amendments.		
Previous Committee Approvals: n/a		
For publication <input checked="" type="checkbox"/>	For publication with redactions <input type="checkbox"/>	Not for publication <input type="checkbox"/>



Borders College

Internal Audit Plan

2021 - 2022

April 2021

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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 will be presented to the Audit Committee for approval on 20 May 2021.

Changes to ANA

It was also agreed during the February 2021 Audit Committee and discussions with the Vice Principal: Finance & Corporate Services and the Assistant Principal: Finance to add in a review of the Procedures Manual.

2. Operational Plan 2021/22

Audit Area	High level indicative summary scope	Total Number Of Days
Budgeting & Financial Reporting	The purpose of the review is to ensure that the College has appropriate budgetary and financial controls in place and that these have been embedded throughout the whole College. This will be a review to provide assurance to the Audit Committee that the College's budgetary and financial control arrangements are adequate.	3
Health & Safety	The purpose of the review is to ensure the College has the appropriate policies and procedures in place that comply with Health & Safety Legislation. This review will seek to provide assurance to the Audit Committee that the College's Health & Safety arrangements are adequate.	3
Risk Management	This review will be split into 2 parts. The purpose of the part 1 will be to review the new risk structure in place and assess its adequacy. The purpose of part 2 will be to provide assurance that the new risk structure is working in practice.	3
IT Systems	We will review the overall IT systems in place to ensure there are appropriate controls in place and that these are operating as expected. This review will specifically examine the controls in place surrounding cyber security.	3
Procedures Manual Review	The purpose of this assignment to review and assess the updated Procedures Manual to ensure that the Procedures are efficient and meet the needs of the College.	4

2. Operational Plan 2021/22 (cont'd)

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 2021/22 (cont'd)

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	Audit Days	Provisional Date for Visit	Date of Issue of Draft Report	Provisional Date to the Audit Committee
Visit 1	Risk Management – Part 1	Vice Principal: Finance & Corporate Services	1.5	15 July 2021	29 July 2021	November 2021
Visit 2	EMA SSF Credits	Student Funding Manager Student Funding Manager Head of MIS	2 2 5	13 September 2021	24 September 2021	November 2021
Visit 3	IT Systems	ISLT Manager	3	11 November 2021	26 November 2021	February 2022
Visit 4	Procedures Manual Review Risk Management – Part 2 Follow Up Review	Assistant Principal: Finance Vice Principal: Finance & Corporate Services Vice Principal: Finance & Corporate Services	4 1.5 1	7 March 2022	25 March 2022	May 2022
Visit 5	Budgetary & Financial Reporting Health & Safety	Assistant Principal: Finance Vice Principal: Finance & Corporate Services	3 3	16 May 2022	3 June 2022	November 2022

Appendix A - Summary of Internal Audit Input

1 August 2019 to 31 July 2022		Operating Plan (No. Of days)		
System	Audit Area	2019/20	2020/21	2021/22
Financial Systems	Income Collection and Credit Control	3		
	Purchasing & Procurement		3	
	Budgeting and Financial Reporting			3
	Procedures Manual Review			4
Non Financial Systems	Commercial Income	3		
	Health and Safety			3
	VFM: Community/Leisure Courses		3	
	Value for Money		3	
	Information Governance	3		
	Risk Management			3
	c/f	9	9	13

Appendix A - Summary of Internal Audit Input

1 August 2019 to 31 July 2022		Operating Plan (No. Of days)		
System	Audit Area	2019/20	2020/21	2021/22
	b/f	9	9	13
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	<u>24</u>	<u>24</u>	<u>28</u>

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 working 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 working days of receipt of draft reports	100%
Final reports issued within 5 working 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%