C

Wylie + Bisset
Chartered Accountants, Business & Tax Advisers

BORDERS COLLEGE

Borders College

Internal Audit Plan

2022 - 2023

April 2022

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1. Introduction

Background

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. The contract was subsequently extended for a further 2 years until 31 July 2024.

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.

Development of 2022/23 & 2023/24 Plan

This Plan was developed following discussions with the Vice Principal: Finance & Corporate Services.

Formal Approval

The original Audit Needs Assessment ("ANA") was presented to the Audit Committee for approval on 26 September 2019. This Plan covers the period 2022/23 & 2023/24 and will be presented to the Audit Committee for approval on 12 May 2022.

2. Operational Plan 2022/23

Audit Area	High level indicative summary scope	Total Number Of Days
Payroll	Our review will look at the payroll system at the College to ensure this is operating as expected and that the appropriate controls exist. We will ensure that the payments being calculated by the system are accurate and are based on bona fide hours worked and will also consider all deductions and additions to salaries to ensure that these are correctly calculated and properly authorised. We will also review the process for review and authorisation of staff expenses. Our objectives for this review are to ensure: ➢ Amendments to the payroll are appropriately reviewed and authorised prior to being processed through the payroll system. ➢ Wages and salaries are accurately stated in the accounting system. ➢ The College has robust processes in place for changes made to employees bank details. ➢ Staff are only paid for the hours that they have worked. ➢ Expense claims are appropriately authorised by the employees line manager and where necessary include the relevant supporting documentation. ➢ Leavers are appropriately removed from the system and final payments are accurately pro-rated. ➢ The payroll is subject to checking and approval by a senior member of staff prior to being finalised. ➢ Severance packages have been calculated in accordance with the terms of the scheme. ➢ Access to the payroll system is restricted. There are appropriate access rights in place for payroll staff. ➢ Changes to employee bank details are reviewed and approved prior to being processed.	3

2. Operational Plan 2022/23 (cont'd)

Audit Area	High level indicative summary scope	Total Number Of Days
Complaints Handling	The purpose of this assignment is to review the processes in place for the management, monitoring and reporting of complaints received from staff and students. We will seek to provide assurance that the process is robust and that performance against targets is being monitored. We will also look to ensure that complaints are being addressed in line with SPSO requirements. Our objectives for this review are to ensure: ➢ The College has adequate policies and procedures in place in relation to complaints handling. ➢ Policies and procedures in place comply with the latest guidelines from the Scottish Public Services Ombudsman and the College has taken steps to ensure that the process is updated for the latest guidance. ➢ There are strong controls in place for the handling of complaints, including monitoring performance against target and action taken when poor performance has been identified. ➢ There are adequate communication levels between the College and its students/staff/other stakeholders in respect of the complaints handling process.	3
Estates Management	The purpose of this assignment is to review the strategic and operational arrangements in place in respect of estates management at the College. We will also review the maintenance of the assets, the safety of the estate and the processes to ensure compliance with safety legislation. Our objectives for this review are to ensure: ➢ The College's Asset Management Strategy supports the College objectives. ➢ The College has appropriate arrangements in place to ensure that its estates are managed effectively. ➢ There are robust procedures in place for ongoing maintenance and repair within the College. ➢ Estates planning takes due consideration of the College's future plans for the curriculum. ➢ The College is meeting its statutory obligations in relation to estates management.	3

2. Operational Plan 2022/23 (cont'd)

Audit Area	High level indicative summary scope	Total Number Of Days
Equality & Diversity	The purpose of the review is to ensure that the College has appropriate policies and procedures in place in related to Equalities that complies with the Equalities Act 2010. We will also look to ensure that there is communication of these policies and procedures throughout the College and that they are consistently applied. Our objectives for this review are to ensure: ➢ The College are compliant with Public Sector Equality Duties for public Authorities as identified through the Equality and Human Rights Division. ➢ The College are compliant with the General Equality Duties outlined within the Equality Act 2010. ➢ The College have robust processes in place to monitor and measure their equality arrangements and ensure that these are meeting statutory requirements. ➢ The College have effective arrangements in place to subsidise the effective promotion of equality and diversity throughout the College. ➢ The College are appropriately reporting on equalities and diversity information and disclosing the relevant information on their website.	3
Disaster Recovery Testing	The purpose of this assignment is to review and assess the process and results of the College's disaster recovery testing to ensure that this is robust and any lessons learned form the testing are implemented. We will also review the training arrangements in place the College. Our objectives for this review are to ensure: ➢ The College undertake regular disaster recovery testing. ➢ The testing completed is robust and fully considers the effects that this will have on the College. ➢ The College appropriate review and consider the outcome of the disaster recovery test. ➢ The College has robust training programme in place for relevant staff members throughout the College.	3

2. Operational Plan 2022/23 (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 Review	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. Our objectives for this review are to ensure: ➢ The College has appropriately implemented any outstanding internal audit recommendations made in prior years.	1

2. Operational Plan 2022/23 (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	Audit Days	Key College Personnel	Provisional Date for Visit	Date of Issue of Draft Report	Provisional Date to the Audit Committee
Visit 1	EMA SSF Credits	2 2 5	Student Funding Manager Student Funding Manager Head of MIS	12 September 2022	23 September 2022	November 2022
Visit 2	Payroll	3	Head of HR	22 September 2022	7 October 2022	November 2022
Visit 3	Complaints Handling	3	Vice Principal: Student Experience	24 October 2022	11 November 2022	February 2023
Visit 4	Equalities & Diversity Estates Management Follow Up Review	3 3 1	Vice Principal: Student Experience and Head of HR Estates Manager Vice Principal: Finance & Corporate Services	6 March 2023	24 March 2023	May 2023
Visit 5	Disaster Recovery Testing	3	Head of ISLT	24 April 2023	12 May 2023	September 2023

Appendix A - Summary of Internal Audit Input

1 August 2019 to 31 July 2024

		Operating Plan (No. Of days)				
System	**Audit Area**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Financial Systems	Income Collection and Credit Control	3				3
	Purchasing & Procurement		3			3
	Budgeting and Financial Reporting			3		
	Procedures Manual Review			4		
	Payroll				3	
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		
	Complaints Handling				3	
	Estates Management				3	
	Equalities & Diversity				3	
	c/f	**9**	**9**	**13**	**12**	**6**

Appendix A - Summary of Internal Audit Input

1 August 2019 to 31 July 2024

		Operating Plan (No. Of days)				
System	**Audit Area**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	b/f	**9**	**9**	**13**	**12**	**6**
	Pro Solutions Review					3
	Student Retention					3
IT	IT Systems			3		
	MIS		3			
	Disaster Recovery Testing				3	
Governance	Corporate Governance	3				
Required	EMA	2	2	2	2	2
	SSF	2	2	2	2	2
	Credits	5	5	5	5	5
	Follow Up Review	1	1	1	1	1
	Audit Management	2	2	2	2	2
	Total	**24**	**24**	**28**	**27**	**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

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%

Appendix D – Training Topics

As a firm we offer a wide range of training topics to our clients and we have listed below some of the topics which we would be able to offer Borders College.

Topic	Summary
Risk Management	This can cover risk awareness, assessment of risks, responsibilities for monitoring risks, risk appetite and the scoring of risks. This is usually done as a workshop to ensure buy-in from management and Board members to the risk management process.
Role of the Board	This would cover the roles and responsibilities of Board members, including the Chair. This has been particularly useful when new Board members have been appointed and allows members to obtain some knowledge on what the expectation of a Board member is and what they should be looking out for.
Role of Internal Audit	We would provide a short session on what the internal audit function should be delivering to the College and the added value which we would bring.
Fraud Awareness	We would cover the importance of a having a strong control environment and areas to be aware of in relation to fraud. We would discuss some real-life examples of where we have identified or been asked to investigate allegations of fraud and the results of these investigations.