Glasgow Kelvin College

Internal Audit Annual Plan 2020/21

Internal Audit Report 2021/01

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Now, for tomorrow

mha HENDERSON LOGGIE

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1. Introduction

1.1 The purpose of this document is to present for consideration by the Audit and Risk Committee the annual operating plan for the year ended 31 July 2021. The plan is based on the proposed allocation of audit days for 2020/21 set out in the Strategic Internal Audit Plan 2019 to 2022 (Report 2020/01, finalised 25 September 2019), which was presented to the Audit and Risk Committee and approved by it at its meeting on 17 September 2019.

1.2 The annual operating plan for 2020/21 shows three changes to the allocation set out in the original Strategic Plan. Following discussion with College management and the Audit and Risk Committee four days have been added to the plan under Corporate Governance and will be used to carry out an Externally Facilitated Effectiveness Review as required by the Code of Good Governance for Scotland's Colleges. This is due to be submitted to the Scottish Funding Council by 'Spring 2021' in line with the latest advice from the Chair of the Good Governance Steering Group. This assignment was originally substituted into the 2019/20 plan in place of a planned review of Student Engagement / Students' Association however was subsequently deferred into 2020/21 as a result of the Covid-19 lockdown. In addition, the reviews of Quality Assurance and Estates Strategy / Capital Projects have been deferred from 2020/21 into 2021/22 at the request of management.

1.3 A copy of the revised Strategic Internal Audit Plan is included at Section 2 of this report.

1.4 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2020/21, together with the audit approach. These have been arrived at following discussion with the Head of Finance and Assistant Principal (Interim). The outline scopes will be finalised after discussion with responsible managers in each audit area.

1.5 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised.

2. Strategic Plan 2019 to 2022

Proposed Allocation of Audit Days

	Category	Priority	Actual 19/20 Days	Planned 20/21 Days	Planned 21/22 Days
Reputation					
Publicity and Communications	Gov	M			4
Health and Safety	Gov	M			
Student Experience					
Curriculum planning	Perf	M			
Quality assurance	Perf	M			4
Student support	Perf	M			4
Student recruitment and retention	Fin/Perf	H	6		
Student Engagement/ Students' Association	Gov	M			
Staffing Issues					
Staff recruitment and retention	Perf	H			
Staff development	Perf	M			
Sickness absence	Perf	M		4	
Workforce planning	Perf	M			
Payroll	Fin	L/M			
Estates and Facilities					
Building maintenance	Fin/Perf	M/H			
Estates strategy / capital projects	Fin/Perf	M			5
Space management	Perf	M			
Asset / fleet management	Perf	M/H			5
Financial Issues					
Budgetary control	Fin	L/M			
Financial planning	Fin	M			
Student fees and contracts / registry	Fin	M			
General ledger	Fin	L/M			
Procurement and creditors / purchasing	Fin	M		4	
Debtors/ Income	Fin	L/M			
Cash & Bank / Treasury management	Fin	M		4	
Fraud prevention, detection and response	Fin	M			
Commercial Issues					
Business Development	Fin/Perf	M	4		

Proposed Allocation of Audit Days (Continued)

	Category	Priority	Actual 19/20 Days	Planned 20/21 Days	Planned 21/22 Days
Organisational Issues					
Risk Management	Perf	M			
Business Continuity	Perf	M	5		
Corporate Governance	Gov	L/M		4	
Corporate Planning	Perf	L/M			
Performance reporting / KPIs	Perf	M			4
Partnership Working	Gov/Perf	L			
Equalities	Gov	M			
Information and IT					
IT network arrangements	Perf	M		4	
Cyber Security	Perf	M			
Data protection	Gov	M			4
FOI	Gov	L			
Systems development / implementation	Perf	M			
IT strategy	Perf	M			
Other Audit Activities					
Credits audit		Required	6	6	6
Bursary, Childcare and Hardship Funds		Required	6	6	6
Management and Planning)			4	4	4
External audit / SFC)					
Attendance at Audit & Risk Committee)					
Follow-up reviews		Various	3	3	3
ANA and Strategic Plan			2		
			____	____	____
Total			36	39	49
			====	====	====

Key:

Category: Gov = Governance; Perf = Performance; Fin = Financial

3. Outline Scope and Objectives

Audit Assignment:	Sickness Absence
Priority:	Medium
Fieldwork to be conducted:	November 2020/December 2020
Audit and Risk Committee Meeting:	March 2021
Days:	4

Scope

The audit will consider sickness absence procedures and the use and reporting of sickness absence information.

Objectives

The specific objectives of our audit will be to obtain reasonable assurance that:

- policies and procedures encourage effective management of sickness absence;
- policies and procedures are being followed in practice;
- there is an appropriate programme of training and guidance for line managers, to ensure that there is a consistent understanding and application of agreed policies and procedures;
- information on sickness absence for management purposes is accurate, timely, and effectively reported at management and Board levels; and
- current legislation is complied with.

Our audit approach will be:

Staff within the Human Resources team will be interviewed to identify current practices for recording, monitoring, managing and reporting sickness absence. Policies, procedures and other supporting documentation, including management and Board reports will also be reviewed. Activity will be matched against recognised good practice and legal requirements and historic sickness absence information will be reviewed. Our audit approach will take specific account of the impact which the COVID-19 pandemic has had on patterns of sickness absence.

Audit Assignment:	Procurement and Creditors / Purchasing
Priority:	Medium
Fieldwork to be conducted:	March 2021
Audit and Risk Committee Meeting:	June 2021
Days:	4

Scope

This audit will focus on the systems of internal control in place for the ordering of goods and services and the payment of invoices.

We will also consider whether the procurement strategy followed and procedures in place support best value purchasing across the College in relation to non-pay spend.

Objectives

The specific objectives of the audit will be to ensure that:

- the College's Procurement Policy, Strategy and procurement guidance are comprehensive, kept up-to-date and in line with the Procurement Reform (Scotland) Act 2014 ('the Act') and The Procurement (Scotland) Regulations 2016 ('the Regulations');
- procurement procedures ensure that:
  - areas of high spend across the College are monitored appropriately;
  - opportunities for pooling of expenditure are identified in order to achieve best value; and
  - collaborative procurements and frameworks available to the College are utilised where appropriate;
- purchase orders are completed for relevant purchases and are approved by members of staff with sufficient delegated authority prior to issue to suppliers, with the risk of unauthorised and excessive expenditure being minimised;
- the College's procurement guidance on quotes and tenders are being complied with;
- all liabilities are fully and accurately recorded;
- all payments are properly authorised, processed and recorded; and
- appropriate controls are in place over the amendment of standing supplier data on the finance system.

Audit Assignment:	Procurement and Creditors / Purchasing (Continued)

Our audit approach will be:

From discussions with Procurement staff, and a sample of budget holders, we will establish what procurement strategies, procedures and monitoring arrangements are in place within the College. These will then be evaluated to establish if they follow recognised good practice.

Specifically, we will seek to establish whether the procurement procedures ensure that areas of high spend across the College are monitored appropriately, identifying opportunities for pooling of expenditure in order to achieve best value, and ensuring that joint purchasing arrangements available to the College are utilised where appropriate.

We will also document controls in place within the purchasing / payments system through interviews with Finance staff and also seek to establish whether the expected key controls are in place by reference to standard control risk assessment templates. We will also perform compliance testing where considered necessary to determine whether key controls are working effectively, including selecting a sample of items of expenditure from the financial ledger and testing to ensure compliance with the College's Financial Regulations and Procedures.

Audit Assignment:	Cash & Bank / Treasury Management
Priority:	Medium
Fieldwork to be conducted:	January 2021
Audit and Risk Committee Meeting:	March 2021
Days:	4

Scope

The scope of the audit will be to review the key internal controls in place within the College over the recording of cash, cheque, credit / debit card, direct transfer and direct debit payments received from students, commercial customers and staff onto the finance system. The audit will cover the systems in place within the Finance Office and other areas within the College where a significant volume of payments is received.

We will also carry out a high-level review of the College's treasury management arrangements covering:

- overall arrangements including policies and procedures;
- cash flow management; and
- banking arrangements.

Objectives

The objectives of the audit will be to ensure that:

- monies collected by the College from all sources are fully, accurately and timeously recorded;
- all monies received are banked intact and in a timely manner;
- regular reconciliations are carried out between actual receipts and amounts recorded in the College's finance system; and
- the College's treasury management arrangements are in line with good practice.

Our audit approach will be:

We will document the systems and key controls in place through interviews with the Head of Finance, Finance Manager and other relevant staff, and review of documentation, to consider their adequacy.

We will then perform compliance testing as appropriate to establish whether the identified controls are operating effectively in practice.

A comparison of treasury management working practices will be made with good practice guidance available from the Chartered Institute of Public Finance and Accountancy Code of Practice for 'Treasury Management in the Public Services.'

Audit Assignment:	Corporate Governance
Priority:	Low / Medium
Fieldwork to be conducted:	December 2020/January 2021
Board Meeting:	March 2021
Days:	4

Scope

The Code of Good Governance for Scotland's Colleges ('the Code'), published in August 2016, contains the following requirement:

"The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online".

The scope of this review will be to carry out the Externally Facilitated Effectiveness Review described in the Code, in line with the Guidance Note issued by the College Development Network (CDN). The review will cover the five sections of the Code namely:

Section A - Leadership and Strategy
Section B - Quality of the Student Experience
Section C - Accountability
Section D - Effectiveness
Section E - Relationships and Collaboration

Objectives

The objective of this review will be to complement the work already completed by the College, through discussions with Board members, to explore specific governance issues drawn in order to meet the requirements of the CDN Guidance Note which sets out the specific requirement to provide a 'basic level of assurance relating to core governance requirements plus an agreed list of actions on areas that board members wish to develop their governance further' by 31 March 2021.

Audit Assignment:	Corporate Governance (Continued)

Our approach will be:

The facilitator will conduct the review in line with the CDN Guidance Note for Conducting Externally Facilitated Effectiveness Reviews. Based on the Guidance Notes issued in August 2016 the review will involve the following steps:

1. Board to agree the areas to be covered in the review (all sections of the Code as a minimum), the process and timescales required.
2. Board and facilitator to agree on the pro-forma or questionnaire to be used.
3. Board members and senior staff who work closely with the Board, provide their views to the facilitator on (a) Board performance to date (b) areas for future development using a pro-forma / questionnaire. This process can be done in a range of ways including: **i.** A Board workshop is held that results in an agreed summary of views; or **ii.** Board members and senior staff complete the pro-forma / questionnaire and the facilitator summarises the results; or **iii.** The facilitator undertakes 1 to 1 interviews with some or all Board members and staff based on the pro-forma / questionnaire.
4. The facilitator pressure tests the views expressed at step 3 by, as a minimum: • Observing at least one Board meeting. • Undertaking a desktop review of: ○ a sample of Board and committee remits, minutes, agendas and papers. ○ a sample of corporate documents to examine alignment between corporate objectives, the objectives of supporting strategies such as HR, estates and finance and the performance information coming to the Board and its committees. ○ the risk register and a sample of recent audit reports. ○ the current Board and Board member development plans, appraisal and induction processes and the skills matrix used. ○ recent staff, student or stakeholder surveys and any Board responses. ○ any audit reports on governance that are used to underpin the Statement of Compliance in the annual report. • If step 3iii above is not chosen, conducting 1 to 1 interviews with a sample of Board members and senior staff including a staff and student Board member.
5. The facilitator draws up a draft report summarising the output for steps 3 and 4. The Board is given an opportunity to discuss and comment on the facilitator's findings and to draw up an action plan for areas of development over the next 12 months.
6. A final report is provided by the facilitator to the Board and the Board Chair writes to the relevant funding body as required by the Code of Good Governance.

Audit Assignment:	IT Network Arrangements
Priority:	Medium
Fieldwork to be conducted:	April 2021/May 2021
Audit and Risk Committee Meeting:	June 2021
Days:	4

Scope

This audit will include a review of the College's current position with regard to information and cyber security in order to advise on areas that should be addressed in line with the latest guidance produced by the National Cyber Security Centre (NCSC), the UK Government's national technical authority for information assurance. This will include consideration of the controls in place to mitigate the increased risks arising from home working as a result of the COVID-19 pandemic.

Objectives

Our review will focus on the internal controls in place which ensure that the security of the IT network, the configuration of key elements of IT infrastructure which protect access to data, plus the policy and procedures giving guidance as to how security should be managed by both the IT department and users is in line with the NCSC 10 Steps to Cyber Security guidance.

Our audit approach will be:

Our approach will be based upon the guidance and best practice provided by NCSC; discussion with the ICT Technical Manager and members of the ICT Team, review of relevant documentation; and observation. This will cover the following areas:

- Information risk management;
- Secure configuration of ICT equipment;
- Network security;
- Managing user privileges;
- ICT user education and awareness;
- Incident management;
- Malware prevention;
- Monitoring;
- Removable media controls; and
- Home and mobile working.

Audit Assignment:	Credits Audit
Priority:	Required audit
Fieldwork to be conducted:	September 2021/October 2021
Audit and Risk Committee Meeting:	November 2021
Days:	6

Scope

Credits Audit Guidance, issued by SFC, requests that colleges obtain from their auditors assurances as to the reasonableness of procedures used in the compilation of the Credits related element of the FES return.

Objectives

To obtain reasonable assurance that:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- the FES return contains no material misstatements.

Our audit approach will be:

Through discussion with College staff, and review of relevant documents, we will record the systems and procedures used by the College in compiling the returns and assess and test their adequacy. We will carry out further detailed testing, as necessary, to enable us to conclude that the systems and procedures are working satisfactorily as described to us.

Detailed analytical review will be carried out obtaining explanations for significant variations from previous year's activity.

Our testing will be designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to the Credits Audit Guidance and the key areas of risk identified in Annex D.

We will also review the final error report from the FES on-line checks.

Audit Assignment:	Student Support Funds
Priority:	Required audit
Fieldwork to be conducted:	September 2021/October 2021
Audit and Risk Committee Meeting:	November 2021
Days:	6

Scope

We will carry out an audit on the College's student support funds for the year ended 31 July 2021 and provide an audit certificate. Three specific fund statements will require an audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary Fund; and
- Education Maintenance Allowance (EMA) Return.

Objectives

The audit objectives will be to obtain reasonable assurance that:

- the College complies with the terms, conditions and guidance notes issued by the SFC, SAAS and the Scottish Government;
- payments to students are genuine claims for hardship, childcare, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- the information disclosed in each of the returns for the year ended 31 July 2021 is in agreement with underlying records.

Our audit approach will be:

- Reviewing new guidance from the SFC, SAAS and the Scottish Government and identifying internal procedures through discussion with College staff, and review of relevant documents;
- Agreeing income to letters of award;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by SFC will be utilised. This includes 'Areas of risk and audit considerations' for bursaries and for the discretionary funds and childcare, and 'Guidance on the audit requirements for EMA.'

Audit Assignment:	Follow-Up Reviews
Priority:	Various
Fieldwork to be conducted:	July 2021/August 2021
Audit and Risk Committee Meeting:	September 2021
Days:	3

Scope

This review will cover reports from the 2019/20 internal audit programme and reports from earlier years where previous follow-up identified recommendations outstanding.

Objectives

To establish the status of implementation of recommendations made in previous internal audit reports.

Our audit approach will be:

- for the recommendations made in previous reports ascertain by enquiry or sample testing, as appropriate, whether they have been completed or what stage they have reached in terms of completion and whether the due date needs to be revised; and
- prepare a summary of the current status of the recommendations for the Audit and Risk Committee.

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