

## Board of Management Audit Committee

<b>Date of Meeting</b>	<b>Wednesday 15 November 2017</b>
<b>Paper No.</b>	<b>AC2-H</b>
<b>Agenda Item</b>	<b>8</b>
<b>Subject of Paper</b>	<b>Internal Audit Annual Report 2016-17</b>
<b>FOISA Status</b>	<b>Disclosable</b>
<b>Primary Contact</b>	<b>Henderson Loggie</b>
<b>Date of production</b>	<b>November 2017</b>
<b>Action</b>	<b>For Discussion</b>

### Recommendations

The Committee is asked to consider the report.

## **1. Purpose of report**

The purpose of this report is to provide the Committee with a summary of all the internal audit work carried out on behalf of the College during 2016-17.

## **2. Context and Discussion**

Henderson Loggie have reviewed the control policies and procedures employed by City of Glasgow College to manage risks in business areas identified by management set out in the 2016-17 Annual Internal Audit Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation.

The Committee has reviewed each of the audit reports noted within the annual report. However, the Committee should give particular attention to the Auditors Opinion which states:

'In our opinion the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2016/17. This included follow-up of recommendations made by the College's previous internal auditors'.

## **3. Impact and implications**

Refer to internal audit report.



**City of Glasgow College**

**Annual Report to the Board of Management and  
Principal on the Provision of Internal Audit Services for 2016/17  
Internal Audit Report No: 2017/13**

**Draft Issued: 6 November 2017**

**Final Issued: 9 November 2017**

## Contents

	<b>Page No.</b>
<b>1. Annual Report and Opinion</b>	<b>1 - 2</b>
<b>2. Reports Submitted</b>	<b>3 - 4</b>
<b>3. Summary of Results and Conclusions</b>	<b>5 - 20</b>
<b>4. Time Spent – Budget v Actual</b>	<b>21</b>
<b>5. Operational Plan for 2017/18</b>	<b>22 - 24</b>

# 1. Annual Report and Opinion

## Introduction

- 1.1 We were appointed as Internal Auditors of City of Glasgow College ('the College') for the period from 1 August 2016 to 31 July 2020 with an option available to the College to extend for a further year. This report summarises the internal audit work performed during 2016/17.
- 1.2 An Audit Needs Assessment (ANA), based on the areas of risk that the College is exposed to, was prepared as part of our internal audit programme for 2016/17 (internal audit report 2017/01, issued February 2017). The ANA was prepared following discussion with a number of College managers and review of College documents, together with previous internal and external audit reports. The ANA was based on the College's own Risk Register supplemented by our own assessment of the risks faced by the College. Following on from the ANA, a Strategic Plan was formulated covering the four-year internal audit cycle, and this was approved by the Audit Committee, together with the ANA, at its meeting on 8 March 2017.
- 1.3 The work undertaken in the year followed that set out in the Strategic Plan for 2016/17.
- 1.4 The reports submitted are listed in Section 2 of this report and a summary of results and conclusions from each assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is at Section 4.

## Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
  - Confirm our independence;
  - Provide information about the year's activity and the work planned for next year in this report; and
  - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.
- 1.7 Self-assessment is undertaken through:
  - Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
  - Ensuring compliance with best professional practice, in particular the PSIAS;
  - Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
  - Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
  - Annual completion of a checklist in April to confirm PSIAS compliance.

## Public Sector Internal Audit Standards (PSIAS) Reporting Requirements (Continued)

- 1.8 The results of our self-assessment are that we are able to confirm that our service is independent of the College and complies with the PSIAS.
- 1.9 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie is a member of MHA, a national association of accountancy firms. Continued membership of MHA is dependent on maintaining a good level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The MHA review in April 2014 included our internal audit service. Overall the review found the firm's policies and procedures relating to internal audit to be compliant with the PSIAS in all material respects.

### Significant Issues

- 1.10 All work in 2016/17 assessed systems as either 'Good' or 'Satisfactory', or provided an unqualified audit opinion on College returns, and there were therefore no significant issues identifying major internal control weaknesses arising from our internal audit work. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues.

### Opinion

- 1.11 In our opinion the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2016/17. This included follow-up of recommendations made by the College's previous internal auditors.

## 2. Reports Submitted

Number	Title	Overall Grade	Recommendations	Priority 1 / High	Priority 2 / Medium	Priority 3 / Low
2017/01	Audit Needs Assessment and Strategic Plan	N/A	N/A	N/A	N/A	N/A
2017/02	Annual Plan 2016/17	N/A	N/A	N/A	N/A	N/A
2017/03	Procurement and Creditors / Purchasing	Satisfactory	2	-	-	2
2017/04	Student Admissions / MIS (Business Process Review)	N/A	N/A	N/A	N/A	N/A
2017/05	Curriculum Planning	Satisfactory	4	-	-	4
2017/06	IT Network Arrangements / Security	Satisfactory	5	-	-	5
2017/07	Student Welfare – Duty of Care	Satisfactory	3	-	-	3
2017/08	Budgetary Control	Good	1	-	-	1
2017/09	Planned Maintenance	Satisfactory	4	-	-	4
2017/10	Corporate Planning	Satisfactory	8	-	1	7
2017/11	Follow-Up Reviews	N/A	6 of 19 recommendations required further action	-	3	3
2017/12	Credits	Unqualified Opinion	-	-	-	-

Overall gradings are defined as follows:

<b>Good</b>	System meets control objectives.
<b>Satisfactory</b>	System meets control objectives with some weaknesses present.
<b>Requires improvement</b>	System has weaknesses that could prevent it achieving control objectives.
<b>Unacceptable</b>	System cannot meet control objectives.

## 2. Reports Submitted (Continued)

Recommendation grades are defined as follows:

### *Reports issued by Henderson Loggie:*

<b>Priority 1</b>	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit Committee.
<b>Priority 2</b>	Issue subjecting the College to significant risk and which should be addressed by management.
<b>Priority 3</b>	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

### *Reports issued by the College's previous Internal Auditors – BDO (Follow-Up Reviews only):*

<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



## 3. Summary of Results and Conclusions

### 2017/01 – Audit Needs Assessment (ANA) and Strategic Plan 2016 to 2020

#### Final Issued March 2017

A comprehensive ANA, based on the areas of risk that the College is exposed to, was prepared in February 2017. A Strategic Plan to cover the four-year internal audit cycle was then formulated (refer paragraph 1.2 above).

### 2017/02 – Annual Plan 2016/17

#### Final Issued May 2017

The purpose of this document was to present, for consideration by management and the Audit Committee, the annual operating plan for the year ended 31 July 2017. The plan was based on the proposed allocation of audit days for 2016/17 set out in the ANA and Strategic Plan 2016 to 2020.

The outline scope, objectives and audit approach for each audit assignment to be undertaken, arrived at following discussion with members of the College Senior Management Team during the Audit Needs Assessment process, were set out in the report.

City of Glasgow College  
Internal Audit Annual Report 2016/17

2017/03 – Procurement and Creditors / Purchasing

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

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

The table opposite notes each separate objective for this review and records the results.

**Strengths**

- The College procurement guidance included a strategy, policy, procedures and additional guidance for staff. The strategy was in place prior to the statutory deadline of December 2016. From our review, we found each of these documents to be compliant with extant legislation.
- The College monitored its areas of high spend, which helped to focus procurement activity on relevant areas. Non-compliant spend was identified through this process so that corrective action could be taken to move this spend to appropriate suppliers.
- The College made use of Collaborative Procurement and Frameworks where possible. The College was a member of the Glasgow Regional Procurement Team, which enabled the College to identify collaborative opportunities. We also noted from our sample testing that several National and APUC frameworks had been utilised by the College.
- For a sample of 15 purchase invoices we found that in all instances these had been accurately recorded on the finance system.
- For a sample of 10 BACS payment runs we found that in all instances these had been appropriately reviewed and signed-off.
- Changes to supplier bank account details were checked with the suppliers by members of the Finance team. As a secondary check, the Finance Manager received automatic updates of any changes to supplier payment details and carried out regular reviews of changes to supplier bank details.

Final Issued – May 2017

Overall grade:  
**Satisfactory**

The objective of this audit was to obtain reasonable assurance that:	Assurance
1. 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').	Good
2. Procurement procedures ensure that: <ul style="list-style-type: none"> <li>• areas of high spend across the College are monitored appropriately;</li> <li>• opportunities for pooling of expenditure are identified in order to achieve best value; and</li> <li>• collaborative procurements and frameworks available to the College are utilised where appropriate.</li> </ul>	Good
3. 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.	Satisfactory
4. The College's procurement guidance on quotes and tenders are being complied with.	Satisfactory
5. All liabilities are fully and accurately recorded.	Good
6. All payments are properly authorised, processed and recorded.	Satisfactory
7. Appropriate controls are in place over the amendment of standing supplier data on the finance system.	Good
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

## 2017/03 – Procurement and Creditors / Purchasing (Continued)

### **Weaknesses**

- We found that for seven of our sample of 15 purchases tested there was no authorised purchase order. Although the College was satisfied that these purchases did not require a purchase order, the guidance did not clearly describe the circumstances in which a purchase order was not required.
- Only one of the eight purchase orders examined had been processed through PECOS. The College had identified this as an issue and actions were planned to increase the number of purchase orders processed through PECOS.
- The online banking system, through which the College paid suppliers, only required authorisation from one staff member for each payment. However, changes to the College's banking arrangements were imminent and the new online banking system will require multiple authorisation.

**2017/04 – Student Admissions / MIS (Business Process Review)****Final Issued – September 2017****Overall grade: N/A**

The scope of this assignment was to carry out a review of the procedures for the various stages of the admissions process (including the interaction between Admissions and Student Records (MIS)), the use of Curriculum Manager and the completion of Personal Learning Support Plans (PLSPs), with a view to identifying and removing waste and proposing procedural improvements.

The objectives of the audit were to ensure that:

- the anticipated outcomes for all internal stakeholders from the admissions process, use of Curriculum Manager and PLSPs are clearly defined;
- the value of services provided as part of the admissions process, use of Curriculum Manager and PLSPs are quantified from a student perspective;
- the steps in the value chain are identified;
- steps that do not add value are identified with a view to eliminating them; and
- steps that create value occur in the right sequence.

The review identified a small number of areas for further investigation or improvement relating to Curriculum Manager and the admissions process. All of the identified actions were improvement actions designed to enhance efficiency and effectiveness. No issues subjecting the College to material or significant risk were identified during the review.

We noted that management had requested that the IT Systems Development team replaced the PLSP system with a new in-house developed system. Rather than reviewing the existing PLSP system for areas for improvement we held a facilitated session to identify the requirements of a PLSP system and map out information flows, required processes, and desired outputs from a new PLSP system. We provided management with a detailed process map of what was discussed and agreed at the facilitated session to assist them in creating the brief and scoping for a new PLSP system.

## 2017/05 – Curriculum Planning

This audit considered the key risks in relation to the College’s curriculum planning process.

The table opposite notes each separate objective for this review and records the results.

### Strengths

- The College was involved in a wide range of activities to help identify what was appropriate curriculum to meet national, regional, employer and individual learner needs;
- There were a number of ways that the College used to review and refresh its curriculum; and
- A robust process was in place to ensure that sufficient course provision was planned to meet credits targets. Any changes in year were monitored and proactive action was required to be taken to ensure that credits targets were met.

### Weaknesses

- We noted that there could have been greater controls put in place to ensure that sufficient employer engagement activity was being undertaken within all Faculties. There was also the need for actions or opportunities from Faculty employer engagement to be formally recorded and followed-up and appropriate inclusion of the Industry Academy Heads and Business Development Officers in Faculty employer engagement activity; and
- There was no formal process required to be followed for new course approval in 2016/17. However, we noted that a new process was being planned for 2017/18 and as action was already being undertaken no recommendation was raised regarding this.

Final Issued: August 2017

Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	Assurance
1. The core College curriculum is aligned with national priorities and the needs of regional industry, employers and individual learners	Satisfactory
2. There is a process in place to review and refresh existing programmes on a regular basis	Good
3. Adequate controls are in place over the development of new programmes including the preparation of a business case, costing and pricing	Requires Improvement
4. The curriculum planning process takes sufficient cognisance of the College’s share of the Region’s credits target	Good
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

## 2017/06 – IT Network Arrangements / Security

This audit assessed the College’s network architecture and design from a security perspective to determine whether adequate security mechanisms are in place and operating effectively.

Our review encompassed the design and configuration of key elements of IT infrastructure which protect access to data, plus the policy and procedures that provide guidance on how network security should be managed by both the IT department and users.

The table opposite notes each separate objective for this review and records the results.

### Strengths

- Overall, we found that the network was operating well, serving the needs of the College and no significant deficiencies in its architecture or design were noted. In particular, there was ample capacity for current needs and peak demands, and there was an on-going effort to improve performance and reduce costs. The Network Team was found to be knowledgeable and committed to process improvement.
- The College network environment was protected by a suite of Cisco firewall appliances and subject to both internal and external penetration testing. Sophos anti-virus software was deployed at the network and end user level, incorporating on-access scanning plus scanning of email and internet access. An intrusion prevention system (IPS) was installed at the network perimeter which would identify, log, block and report any malicious network activity.

Final Issued: August 2017

Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	Assurance
1. The network architecture is appropriately designed to provide security and resilience, including the use of firewalls to create Demilitarized Zones (DMZ's), segmentation, placement of Intrusion Prevention Systems (IPS), routers and other network devices.	Satisfactory
2. Robust procedures are in place regarding configuration (hardening) of network devices and user and administrative access to network services and devices.	Good
3. Remote access to the corporate internal network is appropriately controlled.	Good
4. Logging and monitoring of network devices, including periodic firewall rule reviews, is performed.	Satisfactory
5. There are physical controls over access to critical network hardware and cabling.	Good
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

## 2017/06 – IT Network Arrangements / Security (Continued)

### Weaknesses

- IT infrastructure development actions had been identified, albeit informally, and these should have been fully documented to adequately identify tasks, allow appropriate prioritisation based on risk and available resources and allow tracking to completion. Development of an IT operational risk register would have assisted the IT Team in this regard.
- Although the College had an IT Acceptable Use Policy in place, the College's Information Security Policy Set and supporting processes and procedures was incomplete in terms of the operational documents included in good practice produced by ISACA and other IT governance bodies. Furthermore, there were no defined processes or procedures which governed the management of the IT infrastructure or use of IT services. Instead there was a reliance on the knowledge and experience of the current IT Team members.
- During our review, we noted that the IT Team comprised knowledgeable and experienced staff, however we also identified that in some areas the IT Team relied heavily on the knowledge and expertise of particular members of staff. This represented a vulnerability in terms of business continuity. We recommended that the College considered how resilience could be developed by way of knowledge transfer across the IT Team.
- We noted that the members of the IT Team met regularly to discuss any issues that affected the IT network and infrastructure and worked collaboratively to address these. However, this was largely done informally and there were no formal change management procedures that detailed how changes are identified, who can approve changes, the staff that have overall responsibility for change management and how emergency changes are managed and approved.

## 2017/07 – Student Welfare – Duty of Care

This audit reviewed the action the College is taking to meet its specific statutory duties related to the care of students under Prevent, Corporate Parenting and Safeguarding.

The table opposite notes each separate objective for this review and records the results.

### Strengths

- The College had created a Short Life Working Group (SLWG) to address potential issues with its Corporate Care arrangements.
- The main College Safeguarding Policy and Procedure had been updated and approved by the Senior Management Team (SMT) and the Student, Staff and Equalities Committee. Further work was to be carried out to ensure that the risk assessment policies and procedures, already in place, take full cognisance of the Safeguarding and Prevent duties placed on the College when planning future events.
- An update was provided on Safeguarding to the October 2017 meetings of SMT and the Student, Staff and Equalities Committee and agreement was reached on annual reporting of safeguarding incidents.
- The College had established a detailed Corporate Parenting Plan, as required by The Children and Young People (Scotland) Act 2014 Act, and appropriate supporting procedures.
- Throughout the College, staff had been assigned specific responsibilities to assist the College in meeting the three statutory duties.
- The College had established links with various forums, which will enable it to more effectively carry out both its Prevent and Corporate Parenting duties.

### Weaknesses

- Although some training had been delivered throughout the College there was a need to consider training requirements across the three duties and produce a detailed training plan. This formed part of the remit of the SLWG.

Final Issued: November 2017 Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that the College Has:	Assurance
1. Duty of Care policies and documented procedures in place which are communicated to all staff	Satisfactory
2. Appointed staff or groups with specific responsibilities to assist the College in meeting its statutory duties related to the care of students	Good
3. A formal risk identification and assessment process	Good
4. A Duty of Care training programme for staff which includes induction training and regular refresher training	Satisfactory
5. Engaged with Prevent partners and collaborated with other Corporate Parents	Good
6. Regular reporting of Duty of Care matters to senior management and to the Board of Management.	Satisfactory
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>



City of Glasgow College  
Internal Audit Annual Report 2016/17

2017/08 – Budgetary Control

This audit specifically considered budget monitoring procedures in place centrally and within a sample of Faculties and Support Services.

The table opposite notes each separate objective for this review and records the results.

**Strengths**

- The College Financial Regulations adequately set out the high-level process for budgetary control within the College.
- The College had prepared a long term financial plan for the period from August 2017 to July 2022 which forecasted the College’s financial position based on a range of possible scenarios.
- The College had a Strategic Plan in place covering the period from 2017 to 2025. Where possible the College budget was set in line with other operational processes. Staff cost budgets were set in line with the required staffing levels and tuition fee income was set in line with the student recruitment plan.
- Budget holders were provided with timely information from Finance in the form of monthly budget reports. Monthly meetings were held between budget holders and the Management Accountant to enable discussion on any issues arising from the latest budget monitoring information.
- Although formal training had not been provided to budget holders they were provided with ongoing support and advice from Finance staff to help them manage their budgets. From discussion with a sample of budget holders we confirmed that they were content that they had the skills required to manage their budgets effectively.
- Budget variances were flagged to Finance as part of the monthly review of budget information which compared actual expenditure and income against the year to date budget position. This enabled Finance to adjust the year end forecasts and to take a decision on whether virement of funds between budget headings was required.
- An updated forecast against the financial plan was presented to each Finance and Physical Resources Committee with supporting narrative provided to explain the forecast figures.

Final Issued: August 2017

Overall grade: Good

The objective of this audit was to obtain reasonable assurance that:	Assurance
1. Budgets are controlled in accordance with the Financial Regulations and procedures.	Satisfactory
2. Budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved.	Good
3. Long-term financial forecasts are prepared and scenario planning performed for a range of variables such as potential spending review reductions and increases in staff and other costs.	Good
4. Information is available to management in Faculties and Support Services which is up-to-date and in a format that can be easily understood.	Satisfactory
5. Budget holders have the necessary skills for managing budgets.	Good
6. Budget variations are reported and acted upon.	Good
7. Senior management and the Board regularly review the College’s overall financial position.	Good
<b>Overall Level of Assurance</b>	<b>Good</b>

## 2017/08 – Budgetary Control (Continued)

### **Weaknesses**

- The College did not have detailed procedures, or a formal timetable set out for its annual revenue budget setting process. While the senior College management had considerable experience in setting the College budget, the absence of formal procedures presented a risk should these managers be unavailable during the critical elements of the budget setting process.
- Expenditure commitments were not shown as part of the figures reported as part of revenue budget monitoring reports. As a result, reported actual expenditure figures did not fully reflect committed spend and therefore budget monitoring information was potentially of less value to budget holders and to Finance.

## 2017/09 – Planned Maintenance

This audit reviewed the arrangements in place to monitor the performance of GLQ against the terms of the contract in relation to planned maintenance.

The table opposite notes each separate objective for this review and records the results.

### Strengths

- The responsibilities of GLQ regarding planned maintenance were clearly set out in the Project Agreement, including through Performance Standards and in a schedule of assets requiring planned maintenance and the frequency for their maintenance.
- The Maximo system was used to record the frequency when assets required planned maintenance to be undertaken, and this was used to produce job cards each month for preventative maintenance jobs. The job cards were sent directly to handheld Personal Digital Assistants (PDAs) used by GLQ operatives who were based on the College campus, or the job cards were printed out in hard copy for contractors.
- Monthly reports were provided which showed the number of planned maintenance jobs that had been completed and these reports were monitored by the Soft Services Manager.
- Weekly operational meetings were held to discuss completion of the planned maintenance programme and these were supplemented by more monthly meetings which were attended by the Vice Principal Infrastructure and representatives from the appointed contractor.
- The Monthly reports were subject to scrutiny by the College and a detailed report was produced which allowed clarification to be sought from the contractor on specific job cards. In addition, this report set out any identified breaches of the terms of contract and highlighted those areas where a deduction should apply and instructed the contractor to reissue the Planned Maintenance report once the deductions had been agreed.
- College staff demonstrated a suitable level of understanding of the contract and had been successful at applying the existing facilities management standards to achieve recurring monthly deductions. This approach had resulted in significant clawbacks from the contractor.

Final Issued: August 2017 Overall Grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	Assurance
1. Appropriate controls have been put in place to ensure that GLQ is carrying out the agreed planned maintenance programme	Satisfactory
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

## 2017/09 – Planned Maintenance (Continued)

### Weaknesses

- We noted that there were a number of opportunities for improvement in the planned maintenance systems operated by GLQ. Whilst these were operational issues outwith the direct control of the College it was felt appropriate to capture these issues and include them in a letter to the Vice Principal Infrastructure to ensure that the issues identified were raised through the appropriate channels with GLQ.
- There was no quality standard in place which set out the level of detail required to be recorded and retained to evidence how planned maintenance work had been carried out. Agreement between the College and GLQ on the level of detail required and how and when this evidence would be shared would assist both parties in complying with the information requirements described in Performance Standards FM21 and FM51.
- Although the College carried out 10% sample checking of planned preventative maintenance jobs there were no formal procedures for selecting the sample, no set criteria to ensure a focus on higher risk items, and no formal timetable agreed for ensuring that any queries identified were followed up timeously with the contractor to ensure that the underlying reasons for any failures were properly understood and recorded to prevent recurrence.
- Checks should be undertaken by the College to identify any planned maintenance items which have not been undertaken in line with the Annual Planned Maintenance Schedule, and these should be followed up on a timely basis.

## 2017/10 – Corporate Planning

Our review considered whether the College’s planning process is working effectively, particularly in relation to the development of the Strategic Plan and the linkage between the Strategic Plan, the Regional Outcome Agreement, and the detailed Operational Plans.

The overall objective of the audit was to obtain reasonable assurance that the College’s planning process accords with good practice.

The table opposite notes each separate objective for this review and records the results:

### Strengths

- The process used to develop the Strategic Plan 2017-2025 was in line with most aspects of good practice;
- There was an appropriate corporate planning framework in place, including the College Strategic Plan, delivery strategies, Operational Plans and Personal Development Reviews;
- Operational planning guidance was available for staff and a standard Operational Plan template was in use, although there were some areas for further improvement as noted below;
- There was appropriate linkage between the Strategic Plan, Regional Outcome Agreement 2017/18 and Operational Plans; and
- There was appropriate consideration of Operational Plan activities when setting budgets.

### Weaknesses

- Whilst page 17 of the College’s Strategic Plan set out the timeframes for key planning activities, the College’s senior management had identified a requirement for these requirements to be reinforced across the College to ensure a more consistent approach.
- Not all areas had Operational Plans and there was a need to clarify the circumstances in which Operational Plans were required;
- The format of the Operational Plan template could have been improved by merging this with the existing target setting framework document and separately identifying any ‘business as usual’ items;

Final Issued: October 2017

Overall grade: Satisfactory

The objective of this audit was to obtain reasonable assurance that:	Assurance
1. The corporate planning process is adequately planned and challenged for robustness	Satisfactory
2. Linkages between the Strategic Plan, the Regional Outcome Agreement and Operational Plans are clearly defined and communicated	Good
3. Operational Plans are robust and include detailed prioritised action plans	Requires Improvement
4. The Strategic Plan, Regional Outcome Agreement and Operational Plans are being appropriately monitored and controlled, including through the use of key performance indicators	Satisfactory
5. There is effective linkage between planning and budgeting at all levels	Good
<b>Overall Level of Assurance</b>	<b>Satisfactory</b>

## 2017/10 – Corporate Planning (continued)

### **Weaknesses (continued)**

- Academic areas did not formally advise support departments of any items in their Operational Plans that would require input from support departments. As a result, it was not possible for support departments to determine whether they had sufficient resources to support the planned activity within academic areas;
- Operational Plans were not as robust as they could have been, including ensuring that actions were SMART (Specific, Measurable, Achievable, Relevant and Time-Bound). We recommended that guidance on Operational Plans be improved and that there was an independent review of Operational Plans for robustness once they had been developed; and
- The monitoring of Operational Plans was not in line with Operational Plan Planning Guidance. There would have been benefit in providing enhanced guidance on monitoring requirements and in holding all Operational Plans in a single location. This would allow central checks to be performed to determine whether Operational Plans were being reviewed in line with requirements.

## 2017/11 – Follow-Up Reviews

### Final Issued – November 2017

We carried out a follow-up review of the recommendations made in the following internal audit reports issued during 2015/16 by the College's previous internal auditors, BDO:

- Follow Up Review
- International and Commercial Activity
- Treasury Management

The objective of each of our follow-up reviews was to establish the status of implementation of recommendations made in previous internal audit reports.

The College had made good progress in implementing the recommendations followed-up as part of this review with 12 of 19 recommendations being 'fully implemented' and one 'no longer relevant'. Six recommendations were assessed as 'partially implemented'.

Our findings from each of the follow-up reviews have been summarised as follows:

From Original Reports			From Follow-Up Work Performed		
Area	Recommendation Grades	Number Followed-Up	Fully Implemented or No Longer Relevant	Partially Implemented	Little or No Progress Made
Follow Up Review 2015/16	High	-	-	-	-
	Medium	12	9	3	-
	Low	4	1	3	-
<b>Total</b>		<b>16</b>	<b>10</b>	<b>6</b>	-
International and Commercial Activity 2015/16	High	-	-	-	-
	Medium	-	-	-	-
	Low	1	1	-	-
<b>Total</b>		<b>1</b>	<b>1</b>	-	-
Treasury Management 2015/16	High	-	-	-	-
	Medium	-	-	-	-
	Low	2	2	-	-
<b>Total</b>		<b>2</b>	<b>2</b>	-	-
<b>Grand Total</b>		<b>19</b>	<b>13</b>	<b>6</b>	-

## 2017/12 – 2016/17 Student Activity Data

### Final Issued October 2017

In line with guidance issued by the SFC we considered the reasonableness of the procedures in place for the compilation of the credits related element of the FES return submitted to the SFC.

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was also carried out. Our testing was 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.

Our report to SFC was submitted on the deadline date of 29 September 2017. We reported that, in our opinion:

- 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
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

No issues were identified from our audit testing for 2016/17 that required a recommendation for improvement to be made.



## 4. Time Spent – Actual v Budget

Internal Audit	Report number	Planned days	Actual days feed	Days to fee at Nov. 2017	Days to spend at Nov. 2017	Variance
<b>Student Experience</b>						
Curriculum Planning		5	5	-	-	-
Student Admissions / MIS Process Review		5	5	-	-	-
Student Welfare (Incl. Duty of Care)		5	-	5	-	-
<b>Estates and Facilities</b>						
Planned Maintenance		4	4	-	-	-
<b>Financial Issues</b>						
Budgetary Control (incl. scenario planning)		5	5	-	-	-
Procurement and creditors / purchasing		5	5	-	-	-
<b>Organisational Issues</b>						
Corporate Planning		5	-	5	-	-
<b>Information and IT</b>						
IT network arrangements / security		5	5	-	-	-
<b>Other Audit Activities</b>						
Credits Audit		8	8	-	-	-
Management and Planning )		4	4	-	-	-
External audit / SFC )						
Attendance at audit committees)						
Follow-up Reviews		4	-	4	-	-
Audit Needs Assessment		3	3	-	-	-
		_____	_____	_____	_____	_____
<b>Total</b>		58	44	14	-	-
		=====	=====	=====	=====	=====

## 5. Operational Plan for 2017/18

- 5.1 Following our appointment as internal auditors for the period from 1 August 2016 to 31 July 2020 we prepared an Audit Needs Assessment and Strategic Plan for 2016 to 2020 (internal audit report 2017/01, issued February 2017).
- 5.2 An extract from the Strategic Plan, in relation to 2017/18, is attached.

## Proposed Allocation of Audit Days

	Priority	Planned 17/18 Days
<b>Reputation</b>		
External Communications and Marketing	M	
Internal Communications	M	
Health and Safety	M	
Equality and Diversity	M	
<b>Student Experience</b>		
Curriculum planning	M	
Quality assurance and improvement	M	5
Libraries and learning technologies	M	
Student recruitment targets	M	
Student admissions / MIS process review	M	
Student funding	M	
Learning support	M	5
Student welfare (incl. Duty of Care)	H/M	
Student engagement )	M	7
Student Association )	M	
<b>Staffing Issues</b>		
Staff recruitment and retention	M	
Staff / organisational development	M	
Teaching staff utilisation / timetabling	H/M	6
Payroll	M	
<b>Estates and Facilities</b>		
Infrastructure contract management )	H	7
Help Desk )	H	
Planned maintenance	H	
Estates strategy / capital projects	M	
Sustainability	M	
Space management	M	
Cleaning management	M	
Asset / fleet management	M	
<b>Financial Issues</b>		
Budgetary control (incl. scenario planning)	H	
Student fees	M	
General ledger	M	
Procurement and creditors / purchasing	M	
Debtors/ Income	M	
Cash & Bank / Treasury management	M	

## Proposed Allocation of Audit Days (Continued)

	Priority	Planned 17/18 Days
<b>Commercial Issues</b>		
<i>Innovation and Research</i>	H/M	
<i>Business Development</i> )	H/M	6
<i>International activities</i> )	H/M	
<i>Industry Academies</i>	H/M	
<i>Lifelong learning</i>	M	
<b>Organisational Issues</b>		
<i>Risk Management</i>	M	
<i>Business Continuity</i>	H	5
<i>Corporate Governance</i>	M	
<i>Corporate Planning</i>	M	
<i>Partnership Working</i>	H/M	
<b>Information and IT</b>		
<i>IT network arrangements / security</i>	H	
<i>Data protection / FOI</i>	H/L	5
<i>Systems development / implementation</i>	H	
<i>Web-based Services</i>	M	
<i>IT strategy</i>	M	
<b>Other Audit Activities</b>		
<i>Credits Audit</i>		8
<i>Management and Planning</i> )		5
<i>External audit / SFC</i> )		
<i>Attendance at audit committees</i> )		
<i>Follow-up reviews</i>	Various	4
<i>Audit Needs Assessment</i>		
<b>Total</b>		<u>63</u> =====

### Key

**Category:** Gov – Governance; Perf – Performance; Fin – Financial

**Priority:** H – High; M – Medium; L – Low