

Glasgow Kelvin College

Internal Audit Annual Plan 2022/23

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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 2023. This would normally be based on a comprehensive Audit Needs Assessment (ANA) and three-year Strategic Plan, which would be prepared following discussion with Board members and managers throughout the College. Given that the College has invoked a two-year contract extension, which takes us beyond the ANA and Strategic Plan 2019 to 2022 (Report 2020/01, finalised 25 September 2019) it was agreed that a full ANA should not be undertaken at this time. The draft plan is based on discussions with the Vice Principal Operations and Director of Operational Services and consideration by other members of the College Senior Management Team (SMT), consideration of areas of higher risk and need from a review of the College's Strategic Risk Register and a review of previous internal audit coverage.
- 1.2 A copy of the extended Strategic Internal Audit Plan is included at Section 2 of this report.
- 1.3 At Section 3 of this report we have set out the outline scope and objectives for each audit assignment to be undertaken during 2022/23, together with the audit approach. These have been arrived at following discussion with the Vice Principal Operations and Director of Operational Services and consideration by other members of the College SMT. The outline scopes will be refined and finalised after discussion with responsible managers in each audit area.
- 1.4 Separate reports will be issued for each assignment with recommendations graded to reflect the significance of the issues raised. In addition, audit findings will be assessed and graded on an overall basis to denote the level of priority that should be given to each report.

Strategic Plan 2019 to 2024

	Category	Priority	Actual 19/20 Days	Actual 20/21 Days	Actual 21/22 Days	Planned 22/23 Days	Planned 23/24 Days
Reputation							
Publicity and Communications	Gov	M			4		
Health and Safety	Gov	M				5	
Student Experience							
Curriculum planning	Perf	M					4
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					4
Sickness absence	Perf	M		4			
Workforce planning	Perf	M					
Payroll	Fin	L/M				4	
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		
Facilities Operations	Perf	M					
Financial Issues							
Budgetary control)	Fin	M				5	
Financial planning)	Fin	M					
Student fees and contracts / registry	Fin	M					5
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				

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	Category	Priority	Actual 19/20	Actual 20/21	Actual 21/22	Planned 22/23	Planned 23/24
			Days	Days	Days	Days	Days
Organisational Issues							
<i>Risk Management</i>	Perf	M					4
<i>Business Continuity</i>	Perf	M	5				
<i>Corporate Governance</i>	Gov	L/M		4			
<i>Corporate Planning</i>	Perf	L/M					4
<i>Performance reporting / KPIs</i>	Perf	M			4		
<i>Partnership Working</i>	Gov/Perf	L					
<i>Equalities</i>	Gov	M					
<i>Environmental Sustainability</i>	Gov/Perf	M/H				4	
Information and IT							
<i>IT network arrangements</i>	Perf	M		4			
<i>Cyber Security</i>	Perf	M				5	
<i>Data protection</i>	Gov	M			4		
<i>FOI</i>	Gov	L					
<i>Systems development / implementation</i>	Perf	M					5
<i>IT strategy</i>	Perf	M					
Other Audit Activities							
Credits audit		Required	6	6	6	6	6
Bursary, Childcare and Hardship Funds		Required	6	6	6	6	6
Management and Planning)			4	4	4	4	4
External audit / SFC)							
Attendance at Audit & Risk Committee)							
Follow-up reviews		Various	3	3	3	3	3
ANA and Strategic Plan							
			36	39	49	42	45
Total			=====	=====	=====	=====	=====

Key

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

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



Outline Scope and Objectives

Audit Assignment:	Health and Safety
Priority:	Medium
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	5

Scope

This audit will review the arrangements in place within the College to deal with Health and Safety (H&S) issues.

Objectives

The main objective of this audit will be to review the College's overall arrangements for dealing with H&S issues and to consider whether these are adequate and operating effectively in practice at each main campus site.

We will seek to obtain reasonable assurance that the College has:

- a H&S policy and documented procedures which are communicated to all staff;
- a formal risk identification and assessment process;
- a H&S training programme for staff and students which includes induction training, refresher training and training for new equipment or legislation;
- regular monitoring of H&S systems to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive;
- an incident and accident recording system with follow-up and implementation of new controls where required; and
- regular reporting of H&S to senior management and to the Board.

Our audit approach will be:

From discussion with the H&S Manager, and review of procedural documentation, we will identify the internal controls in place and compare these with expected controls. A walkthrough of key systems will then be undertaken to confirm our understanding, and this will be followed up with compliance testing where considered necessary. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

Audit Assignment:	Payroll
Priority:	Low / Medium
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	4

Scope

This audit will consider the key internal controls in place over the College's spend on staff costs of approximately £25m per annum. Our audit will cover the procedures in place within both the Human Resources and Payroll / Finance teams.

Objectives

The objective of our audit will be to obtain reasonable assurance that systems are sufficient to ensure:

- correct calculation of gross pay and deductions;
- correct calculation of employer national insurance and superannuation contributions;
- part-time staff, overtime and travel & subsistence payments are properly authorised;
- approval and checking of changes to employee standing data;
- starters and leavers are properly treated and enter and leave the system at the correct dates; and
- proper authorisation, processing and recording of payments.

Our audit approach will be:

From discussion with Human Resources and Payroll staff, and review of procedures documentation, we will identify the key internal controls in place within the College's human resources / payroll system and compare these with expected controls. We will report on any areas where expected controls are found to be absent or where controls could be further strengthened.

Compliance testing will then be carried out to ensure that the controls in place are operating effectively, concentrating on starters, leavers and variations to pay.

Audit Assignment:	Budgetary Control / Financial Planning
Priority:	Medium
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	5

Scope

This audit will review the College's long-term financial planning arrangements and budgetary control practices and protocols, to consider whether these are in line with good practice. This will include consideration of budget monitoring procedures in place centrally and within a sample of Faculties and Support Teams.

Objectives

The objectives of the audit will be to ensure that:

- the College has developed a long-term financial strategy, which includes long-term financial forecasts;
- assumptions used in the financial forecasting returns submitted to the Glasgow Colleges' Regional Board (GCRB) and SFC are robust, realistic and applied consistently. Any departure from the SFC guidance on common sector assumptions is justified to the Board, GCRB and the SFC;
- budgets are controlled in accordance with the Financial Regulations and Procedures;
- budget setting is linked to corporate and operational planning processes and budgets are revisited when plans change or funding targets are not achieved;
- information is available to management in Faculties and Support Teams which is up-to-date and in a format that can be easily understood;
- budget holders have the necessary skills for managing budgets;
- budget variations are reported and acted upon;
- there is accurate cash flow reporting; and
- senior management and the Board regularly review the College's overall financial position.

Our audit approach will be:

The Vice Principal Operations, Head of Finance, Finance staff and a sample of budget holders in Faculties and Support Teams will be interviewed, and financial plans, forecasts and reports reviewed, to determine current working practices in financial planning and budget monitoring, and the information and training provided to budget holders.

The processes used to prepare cash flow reports for senior management, the Board, GCRB and the SFC will be determined through discussion with Finance staff and review of supporting working papers.

We will also establish and review the budget monitoring information provided to the College Senior Management Team and the Board.

Audit Assignment:	Environmental Sustainability
Priority:	Medium / High
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	4

Scope

Part 4 of the Climate Change (Scotland) Act 2009 (hereafter referred to as 'the Act') places duties on public bodies relating to climate change. The duties on the face of the Act require that a public body must, in exercising its functions, act:

- a) in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of this Act;
- b) in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53; and
- c) in a way that it considers is most sustainable.

In doing so, public bodies must have regard to the guidance *Public Bodies Climate Change Duties: Putting Them Into Practice* issued by the Scottish Government in 2011.

In direct response to the international Paris Agreement, the Climate Change (Scotland) Act 2009 was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, increasing the ambition of Scotland's emissions reduction targets to net zero by 2045.

The SFC's latest guidance for the development of College Outcome Agreements notes that '*given the importance of climate emergency and net zero we will expect institutions to demonstrate innovative approaches in their response to the climate emergency with evidence of transformative leadership and capacity building within institutions, including organisation-wide net zero and sustainability plans. This includes referencing progress in institution wide carbon reduction targets, net zero strategies, and actions as civic anchors, in line with the Scottish Government interim statutory guidance, and statutory targets and measures under the Scottish Government climate change plan and adaptation programme.*'

This audit will include a review of the College's current position with regard to its strategic plans and operational arrangements to ensure compliance with the Climate Change (Scotland) Act 2009.

Audit Assignment:

Environmental Sustainability (Continued)

Objectives

Our review will seek to obtain reasonable assurance that:

- The College has established the carbon baseline position and has set out and communicated the climate change aspirations for the College;
- Roles and responsibilities around climate change action and environmental sustainability have been clearly articulated;
- There are appropriate targets, actions and milestones in place to demonstrate the steps the College is taking to contribute to climate change mitigation and to climate change adaptation, and to act sustainably;
- There are appropriate arrangements in place to update the Board on the progress being made to deliver on actions around climate change and sustainability.

Our audit approach will be:

Through discussion with relevant College staff, and review of relevant documents, we will examine the extent to which the above objectives are being met.

Audit Assignment:	Cyber Security
Priority:	Medium
Fieldwork Timing	TBC
Audit and Risk Committee Meeting:	TBC
Days:	5

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.

Objectives

Our review will seek to obtain reasonable assurance that:

- the internal controls in place which ensure that the security of the ICT network, the configuration of key elements of ICT infrastructure which protect access to data, plus the policy and procedures giving guidance as to how security should be managed by both the ICT 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 Director of Digital Services and members of the ICT Team, review of relevant documentation; and observation. This covered the following areas:

- Risk management;
- Engagement and training;
- Asset management;
- Architecture and configuration;
- Vulnerability management;
- Identity and access management;
- Data security;
- Logging and monitoring;
- Incident management; and
- Supply chain security.

We will specifically consider the way in which risks associated with cyber security, and the associated impact on delivery of College business, are being managed.

Audit Assignment:	Credits Audit
Priority:	Required audit
Fieldwork to be conducted:	TBC
Audit and Risk Committee Meeting:	TBC
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:	TBC
Audit and Risk Committee Meeting:	TBC
Days:	6

Scope

We will carry out an audit on the College's student support funds for the year ended 31 July 2023 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 2023 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:	TBC
Audit and Risk Committee Meeting:	TBC
Days:	3

Scope

This review will cover reports from the 2021/22 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:

- the recommendations made in previous reports ascertain by enquiry, review of supporting documentation 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.

Appendix I – Previous Coverage and Overall Level of Assurance

	Year last reviewed by Internal Audit (HL)	Overall Level of Assurance
Reputation		
<i>Publicity and Communications</i>	2021/22	Good
<i>Health and Safety</i>	Not previously reviewed by HL	
Student Experience		
<i>Curriculum planning</i>	Not previously reviewed by HL	
<i>Quality assurance</i>	2021/22	Good
<i>Student support</i>	2021/22	Good
<i>Student recruitment and retention</i>	2019/20	Satisfactory
<i>Student Engagement / Students' Association</i>	Not previously reviewed by HL	
Staffing Issues		
<i>Staff recruitment and retention</i>	2018/19	Satisfactory
<i>Staff development</i>	Not previously reviewed by HL	
<i>Sickness absence</i>	2020/21	Satisfactory
<i>Staff Utilisation</i>	2016/17	Satisfactory
<i>Workforce planning</i>	Not previously reviewed by HL	
<i>VS Scheme</i>	2015/16	Good
<i>Payroll</i>	2017/18	Good
Estates and Facilities		
<i>Building maintenance</i>	2017/18	Satisfactory
<i>Estates strategy / capital projects</i>	2021/22	Satisfactory
<i>Space management</i>	2015/16	Good
<i>Asset / fleet management</i>	2021/22	Satisfactory
<i>Facilities Operations</i>	Not previously reviewed by HL	
Financial Issues		
<i>Budgetary control</i>	2016/17	Good
<i>Financial planning</i>	2018/19	Good
<i>Student fees and contracts / registry</i>	2015/16	Satisfactory
<i>General ledger</i>	2016/17	Good
<i>Procurement and creditors / purchasing</i>	2020/21	Satisfactory
<i>Debtors/ Income</i>	2015/16	Satisfactory

	Year last reviewed by Internal Audit (HL)	Overall Level of Assurance
Financial Issues (continued)		
<i>Cash & Bank / Treasury management</i>	2020/21	Good
<i>Financial procedures – SPFM compliance</i>	2015/16	Satisfactory
<i>Fraud prevention, detection and response</i>	Considered on all audits	
Commercial Issues		
<i>Business Development</i>	2019/20	Satisfactory
Organisational Issues		
<i>Risk Management</i>	Not previously reviewed by HL	
<i>Business Continuity</i>	2019/20	Good
<i>Corporate Governance</i>	2020/21	N/A
<i>Corporate Planning</i>	2017/18	Good
<i>Performance reporting / KPIs</i>	2021/22	Good
<i>Partnership Working / Regional Engagement</i>	2016/17	Good
<i>Equalities</i>	Not previously reviewed by HL	
<i>Environmental Sustainability</i>	Not previously reviewed by HL	
Information and IT		
<i>IT network arrangements</i>	2020/21	Good
<i>Cyber Security</i>	2020/21	Good
<i>Data protection</i>	2021/22	Good
<i>FOI</i>	Not previously reviewed by HL	
<i>Systems development / implementation</i>	2017/18	Satisfactory
<i>IT strategy</i>	Not previously reviewed by HL	
Other Audit Activities		
<i>Credits audit</i>	All years	
<i>Bursary, Childcare and Hardship Funds</i>	All years	
<i>Follow-up reviews</i>	All years	
<i>ANA and Strategic Plan</i>	2019/20	N/A

Gradings are defined as follows:

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

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