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# *Name of Committee* Report

BORDERS COLLEGE REGIONAL BOARD

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| **Subject:** Review of Internal Audit service | **Purpose:**<br>**For Approval** ☐<br>**For Discussion** ☐<br>**For Information** ☒ |
| **Prepared by:** Kirsty Robb, Vice Principal – Finance & Corporate Services | **Date of Committee: 11 May 2023** |

**Purpose:** To provide the Committee with an overview of Internal services provided by Wylie Bisset.

**Executive Summary:**
The Financial Memorandum with the SFC requires the College to have an effective internal audit function and that the duties of that function conform to the professional standards of the Chartered Institute of Internal Auditors. For incorporated colleges and Regional Boards, the operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the Scottish Public Finance Manual.

The main responsibility of Internal Audit is to provide the Regional Board, the Principal and senior management with assurances on the adequacy of the internal control system. The Internal Audit service remains independent in its planning and operation but has direct access to the Regional Board, the Principal and the Chair of the Audit Committee.

Wylie Bissett were appointed, in 2019, for a three-year period with an option to extend for a further two years. The option to extend was enacted in November 2021, with the current contract due to expire 31 July 2024.

A review of the services requirements agreed under the contract are shown in Appendix 1. A high-level review of each of the requirements has been undertaken and the found all service requirements have been achieved during the period of the contract.

**Questions that Members should ask themselves when reading the paper:**
Has the Internal Audit function provided assurance to the Committee?

**Linked to Strategic Ambition(s):**
**Create high quality learning and training opportunities which are relevant, enabling and flexible**
Choose an item.
**Performance Measures:**
Recogise nationally as a progressive organisation
Choose an item.

**Linked to Strategic Risk Register:**

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| 3b - Internal Financial Procedures<br><br>4b - Governance | |
| **Recommendation:** It is recommended the Committee note the review of the internal audit provision | |
| **Previous Committee Approvals:** | |
| **For publication** ☒ | **Not for publication** ☐<br>**If not, why not?** |

**Appendix 1**

| Service requirement | Performance |
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| We will prepare an Audit Needs Assessment which will detail a programme of work over a three year period in order that the whole internal control system of the College including all operational, resource, staff and service areas are covered. The Audit Needs Assessment will be presented to the Audit Committee for approval. | Three year plan was approved at commencement of contract. With extension of contract for further two years the 2022/23 plan approved in May 2022 additional years included. |
| Work will achieve the following objectives:<br>• To review and appraise the soundness, adequacy and application of accounting, financial and other controls<br>• To ascertain the extent to which systems of control ensure compliance with established policies and procedures<br>• To ascertain the extent to which the assets and interests entrusted to or funded by the College are properly controlled and safeguarded from losses of all kinds<br>• To ascertain that all accounting and other information is reliable as a basis for the production of accounts and other returns<br>• To ascertain the integrity and reliability of financial and other information provided to management including that used in decision making<br>• To ascertain that systems of control are laid down and operate to achieve the most economic, efficient and effective use of resources<br>• To draw attention to apparently uneconomic or otherwise unsatisfactory results flowing from management decisions, practices or policies. | During the period of appointment there have been 38 reports produced. 23 specific areas were audited, resulting in 27 recommendations and identifying 154 areas of good practice. The breadth of audits has ensured the objectives have been met. |
| Shall prepare reports following each visit to the College which will detail our findings and conclusions and, where appropriate, make recommendations for improvement. Subsequent reports will review the adequacy of action taken in relation to any recommendations previously made. Draft reports will be submitted within 2 weeks of the conclusion of each audit visit. Once the report has been agreed a final version will be issued to the Accounting Officer and Chair of the Audit Committee. | All reports provided have included the elements required and provided within the 2 week timescale |
| Annually a report will be prepared setting out our activities in the previous year. The report will be addressed to the Regional Board who will be responsible for sending a copy to SFC. The annual report will provide an assessment of the adequacy and effectiveness of the internal control systems of the College, and the coverage of work undertaken as measured against the audit plan. | Annual report presented to Audit Committee on 28 Sept 2022. |
| Serious weaknesses or an accounting breakdown will be reported in the first instance to the College's Accounting Officer without delay, and thereafter to the Audit Committee. | No instances of serious weakness or accounting breakdown have been |