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AUDIT COMMITTEE

BORDERS COLLEGE REGIONAL BOARD

Subject: Internal Audit Plan 2023/24	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Kirsty Robb, Vice Principal Finance and Corporate Services	**Date of Committee:** 11 May 2023
Purpose: To present the planned programme of internal audit work for 2023/24	
Executive Summary: The internal audit plan provides for coverage of financial and non-financial systems. The plan has been discussed within the organisation and presents a balance of audits, taking into account previous audits and is contained in Appendix 1. The plan is presented to the committee for approval. **Questions that Members should ask themselves when reading the paper:** Does the proposed plan provide the Audit Committee with the level of comfort required?	
Linked to Strategic Ambition(s): **Take a leading role in enabling an inclusive, resilient and sustainable Scotland** Choose an item. **Performance Measures:** Delivery models are personalised focusing on individual & business need Choose an item.	
Linked to Strategic Risk Register: 3b - Internal Financial Procedures Choose an item.	
Recommendation: It is recommended the Committee approve the draft plan contained in Appendix 1	
Previous Committee Approvals:	
For publication ☒	**Not for publication** ☐ **If not, why not?**

Wylie + Bisset
Accountants, Business & Tax Advisers

Borders College

Internal Audit Plan 2023/24

+ April 2023

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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.

The 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 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 23 April 2023.

Preparation of Internal Audit Plan 2023/24

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

Formal Approval

The original Audit Needs Assessment was presented to the Audit Committee for approval on 26 September 2019. This Plan covers the period 2023/24 and will be presented to the Audit Committee for approval on 11 May 2023.

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Operational Plan

2023/24

+ April 2023

Income Collection and Credit Control; and Purchasing and Procurement Reviews

Audit area	High level indicative summary scope	Total number of days
Income Collection and Credit Control.	The purpose of this review is to ensure that the arrangements in respect of income collection and credit control are appropriate and are operating effectively and efficiently including restaurant and refectory income. This review will provide assurance to the Board, via the Audit Committee, that the College's financial controls are adequate. Our objectives for this review will be to ensure: ➢ Income is recorded in accordance with applicable accounting standards and the College's financial procedures. ➢ Credit notes are only issued where there is a genuine reason for the sales invoice to be cancelled. ➢ Appropriate security arrangements are in place to ensure that any cash held on College premises is secure. ➢ Income is collected from debtors in an efficient manner. ➢ Refunds are only provided where there is a genuine need to reimburse a customer. ➢ The College's debtors are accurately stated. ➢ Debtor balances are collected efficiently as they fall due. ➢ There are strong communication levels between the College and UHI and all reporting an submission deadlines are met regarding income funds.	3
Purchasing and Procurement	We will conduct a review of the controls in place for purchasing. We will conduct a high-level review of the procurement arrangements in place, from identifying procurement needs, through to appraising options and contracting with suppliers. Our review will look to provide assurance that the College is complying with legislative requirements. Our objectives for this review will be: ➢ An agreed procurement strategy and appropriate policies and procedures are in place to guide staff on making purchasing decisions. ➢ Staff have been trained in procurement and receive appropriate procurement support. ➢ Agreed procurement procedures are being consistently followed, leading to value being achieved from purchases. ➢ There are agreed contracts in place with favourable terms, with key suppliers. ➢ Supplier performance is monitored effectively, and use has been made of performance measures and service level agreements.	3

ProSolution System and Student Retention Reviews

Audit area	High level indicative summary scope	Total number of days
ProSolution System Review	The purpose of this review is to ensure that there are appropriate controls in place within the ProSolution system. This review will seek to provide assurance to the Board, via the Audit Committee, that the processes for student applications and enrolments are efficient and effective and that the controls in place are operating as expected. Our objectives for this review will be to ensure: ➢ The Board and SLT are provided with useful and meaningful information on a timely basis. ➢ Where possible, the ProSolution system is linked to the College's other systems (student funding, finance etc) so that information can be transferred/shared between the systems. ➢ The College has a robust process in place for student applications and enrolments that captures all information required by the Scottish Funding Council. ➢ The Prosolution is run in an effective and efficient manner. ➢ Student records are held securely and in accordance with the requirements of the General Data Protection Regulation. ➢ The College has appropriate arrangements in place to ensure that adequate attendance records are maintained.	3
Student Retention	The purpose of this assignment is to review the levels of student retention at the College. We will assess the processes in place at the College to highlight problem areas and where retention is low. We will also assess the steps taken by the College to address areas of poor student retention. Our objectives for this review will be to ensure: ➢ Responsibilities for student retention are clearly defined throughout the College. ➢ The College has good quality data for quality monitoring student retention which is reported on a timely basis. ➢ The College actively monitors its student retention in a clear and defined manner. ➢ The College has plans in place to address areas of poor retention in a timely manner. ➢ Where poor levels of retention are highlighted, the College's procedures have been adhered to and are fit for purpose.	3

Funding Reviews and Follow Up Review

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 & SAAS 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 objective for this review is to ensure: ➢ The College has appropriately implemented any outstanding internal audit recommendations made in prior years.	1

+ In addition to the above, we understand that the College feel a review of IR35 compliance may be beneficial. We can undertake such a review with our tax specialists (at an additional rate) should this be agreed.

Assignment Plans & Dates

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	Name	No. of audit days	Key College personnel	Provisional start date for visit	Provisional date of issue of draft report	Provisional date for reporting to Audit Committee
1	EMA	2	Student Funding Manager	11 September 2023	29 September 2023	TBC
	SSF	2	Student Funding Manager			
	Credits	5	Director of MIS			
2	ProSolutions	3	Director of MIS	18 September 2023	6 October 2023	TBC
	Student Retention	3	Director of MIS			
3	Income Collection and Credit Controls	3	Director of Finance	11 March 2024	29 March 2024	TBC
	Purchasing and Procurement	3	Director of Finance			
	Follow Up	1	Vice Principal: Finance & Corporate Services			

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Appendices

A – Summary of Internal Audit Input

B – Grading Structure

C – Key Performance Indicators

D – Training Topics

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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**

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**

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

C – Key Performance Indicators

For each area of review, we assign a grading in accordance with the following classification:

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%

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 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.
Finance for Non-Financials	This is useful for Council members who do not have a finance background and covers areas such as the management accounts, budget reporting and the statutory accounts.
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.

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