B

AUDIT & RISK COMMITTEE

21 May 2026

Internal Audit Plan 2026/27 to 2027/28

1.0 PURPOSE OF PAPER

For decision

1.1 This purpose of this paper is to provide the Committee with the Internal Audit plan for 2026/27 to 2027/28.

2.0 EXECUTIVE SUMMARY

2.1 The appointed Internal Auditors are wbg Services LLP (formally Wylie & Bisset) have reviewed the key risks to produce the proposed Aduit plan which covers the next 2 years.

2.2 The audit plan is contained in Appendix A.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

3.1 It is recommended that the Committee agree the audit plan contained in Appendix A

4.0 BACKGROUND

4.1 The Colleges internal audit service is provided by wbg Services LLP following a procurement process in 2024. The contract was awarded on 27 June, for the period 1 August 2024 until 31 July 2027.

4.2 The College's internal audit service is required to produce an audit plan of the areas to be audited during the period of the plan.

5.0 EXTERNAL AUDIT PLAN

5.1 The Internal Audit plan contained in Appendix A had been discussed fully by Officers and the Internal Audit Team. The plan has been developed by using a risk-based approach.

5.2 The table below details the audit to be undertaken over the next three years.

Audit area	2026/27	2027/28
Finance systems/controls	✓	
Commercial Income		✓
Estate management	✓	
Environmental, sustainability & governance	✓	
Procurement		✓
Risk Management		✓
Student Support Funding	✓	✓
Credits	✓	✓
Follow up review	✓	✓

5.3 The plan provides a high-level indicative summary of scope for the audits to be undertaken during 2026/27. Full audit scopes will be developed for the future years and reported to the Committee.

5.4 A separate review is currently being undertaken by wbg to provide the required Governance assurance.

5.5 The above plan fully utilises the 22 audit days approved in the budget. Additional audit days can be purchased if areas of concern are identified.

5.6 The above plan for 2027/28 is provisional as the current contract with wbg is only until 31 July 2027. The plan would require an extension to the current contract which will considered during 2026/27.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

The audit fee for 2026/27 is £9,460 and is fully incorporated in the budget.

6.2 Learner Implications

There are no direct learner implications from the contents of this report.

6.3 Staff Implications

There are no direct staff implications from the contents of this report.

6.4 Equality and Diversity Implications/Equality Impact Assessment

There are no direct equality and diversity implications from the contents of this report.

6.5 Sustainability/Environmental Implications

There are no direct sustainability or environmental implications from the contents of this report.

7.0 RISK COMMENTARY

7.1 Strong governance and controls are key risk mitigations. The work undertaken by Internal Audit ensures the College has these and they are adhered to. The recommendations contained in audits completed highlight areas of improvements systems and procedures.

8.0 CONCLUSION

8.1 The Internal Audit plan contained in Appendix A had been discussed fully by Officers and the Internal Audit Team. The plan has been developed based on a risk-based approach.

Kirsty Robb, Vice Principal Finance & Corporate Services

Previous Board or College Committee Approvals: Audit & Risk Committee, 22 May 2025

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Borders College

Internal Audit Plan 2026/27

April 2026

Table of Contents

Section	Page number
Introduction	3
Operational Plan 2026/27	4
Appendices:	
A. Summary of Internal Audit Input	11
B. Grading Structure	13
C. Key Performance Indicators	14
D. Training Topics	15
E. Audit Universe	16

Introduction

Background

Wbg Services LLP (Wbg) were reappointed as Internal Auditors by the Audit Committee for a period of 3 years, from 1 August 2024 until 31 July 2027, with the option to extend for a further 2, 12-month periods.

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.

The operation and conduct of the IAS must comply with the guidelines set down by the Institute of Internal Auditors, including the Global Internal Audit Standards (GIAS), and the Application Note regarding the adoption of GIAS in the UK Public Sector. The Application Note replaces the Public Sector Internal Audit Standards from 1 April 2025.

Terms of Reference - Internal Audit

The provision of the IAS by Wbg is covered by the letter of engagement dated 30 August 2024.

Preparation of Internal Audit Plan 2026/27

This Plan was developed following discussions with the College's vice Principal – Finance and Corporate Services. Following discussions, no further changes were proposed to the internal audit plan, however the days allocated to EMA have been removed for the period 2026/27 and 2027/28.

Formal Approval

This Audit Plan covers the period 2025/26 and will be presented to the Audit Committee for approval on 21 May 2026.

Operational Plan

2026/27

Financial Systems/ Controls

Audit area	High level indicative summary scope	Total number of days
Financial Systems/ Controls	The purpose of this assignment is to perform a high-level review of the key financial controls in place at the College, to provide assurance that key financial controls are suitably designed and operating effectively. This review will include a review of the processes relating to purchasing, income, cash and banking and fixed assets. Our objectives for this review are as follows: | Efficient and effective procedures and controls are in place for key finance processes. | Adequate segregation of duties are in place. | There is adequate management oversight of finance processes.	4

Estates Management

Audit area	High level indicative summary scope	Total number of days
Estates Management	We will review the strategic and operational arrangements in place in respect of Estates Management at the College. The review will also look at whether the College are attaining best value from the systems in place. Our objectives for this review are as follows: • The College has appropriate arrangements in place to ensure that its Estates are managed effectively, including the effective monitoring of contractors, servicing arrangements and record keeping. • The College has an annual service and inspection schedule in place so that it is meeting its statutory obligations in relation to Estates Management. • There are sufficient controls in place to manage the Estates Budget, and contractor charges therein reflect completion of agreed works. • There are appropriate controls in place to ensure safeguarding checks are performed appropriately for contractors on College sites.	4

Environmental Sustainability & Governance

Audit area	High level indicative summary scope	Total number of days
Environmental Sustainability & Governance	The purpose of this assignment is to review the arrangements in place surrounding Environmental Sustainability & Governance and confirm that these are adequate. We will review whether the College are compliant with the common framework outlined within the Sustainability Report Standard. Our review seeks to provide assurance to the College's Audit Committee that there are appropriate measures in place to facilitate accurate and efficient reporting. Our objectives for this review will be as follows: | The College have the appropriate arrangements in place to comply with sustainability and carbon management legislation. | The College have the appropriate resources to facilitate accurate and sufficient reporting for Environmental Sustainability & Governance. | The College have robust arrangements in place to record and collect data. | The College have clear plans in place in relation to sustainability and carbon management.	4

Funding Reviews and Follow Up Review

Audit area	High level indicative summary scope	Total number of days
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 comprised 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 as follows: | The College has appropriately implemented any outstanding internal audit recommendations made in prior years.	1

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	Credits	5	Director of MIS and eLearning	7 September 2026	25 September 2026	8 October 2026
	SSF	2	Finance Student Funding Manager			
2	Estates Management	4	Estates Manager	27 October 2026	13 November 2026	1 December 2026
	Environmental Sustainability & Governance	4	Health & Safety Manager			
3	Financial Systems/ Controls	4	Vice Principal (Finance and Corporate Services)	15 February 2027	5 March 2027	20 May 2027
	Follow Up review	1				

Appendices

A – Summary of Internal Audit Input
B – Grading Structure
C – Key Performance Indicators
D – Training Topics
E – Audit Universe

A – Summary of Internal Audit Input

1 August 2024 to 31 July 2028		Operating Plan (No. Of days)			
System	**Audit Area**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Financial Systems	Financial Sustainability	5			
	Financial Systems/Controls			4	
	Commercial Income				4
	Procurement				5
Non-Financial Systems	HR Policies	4			
	Estates Management			4	
	Safeguarding		5		
	Environmental, Sustainability & Governance			4	
	Risk Management				4
IT	Cyber Security		6		
	Business Continuity & Disaster Recovery	4			
Governance	Governance Effectiveness Review		10		
	Total Days c/f	**13**	**21**	**12**	**13**

A – Summary of Internal Audit Input

1 August 2024 to 31 July 2028		Operating Plan (No. Of days)			
System	**Audit Area**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
	Total Days b/f	**13**	**21**	**12**	**13**
Required	SSF	2	2	2	2
	EMA	2	2	-	-
	Credits	5	5	5	5
	Follow Up Review	1	1	1	1
	Audit Management	2	2	2	2
	Total Days	**25**	**33**	**22**	**23**

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 the 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 committee members to the risk management process.
Role of the Board	This would cover the roles and responsibilities of Board members, including the Chair. This has been particularly useful when new Board members have been appointed and allows members to obtain some knowledge on what the expectation of a Board member is and what they should be looking out for.
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 committee 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.
Cyber Awareness	We would provide a cyber awareness session designed to help staff recognise and respond to common cyber threats. The training would be tailored to the education sector and assist in promoting a strong culture of cyber resilience across all levels of the College.

E – Audit Universe

We have set out below the auditable entities, processes, systems and activities, which support the development of the internal audit plan, and the Internal Audit coverage since 2014. Please see page 13 for the colour key of assurance ratings.

Area	2014/15	2015/16	2016/17	2017/18	2018/19
Finance	Budgetary & Financial Controls	Income Collection & Credit Control	Purchasing & Procurement	Budgetary & Financial Controls	Payroll
Compliance	PCI Compliance				
	SPFM Compliance				
Central Functions		MIS Department	Curriculum Planning	Marketing	
				Curriculum Planning Course Costing	
Estates	Space Management			Fixed Asset Management	
	Estates Management				
HR/ Staffing	Human Resource Management	Performance Management & Review	Payroll		
	Staff Utilisation				
Student Management			Learning Support		Student Activity Enrolment and Withdrawals
IT		Student Funding Application System			IT Systems
Governance		Corporate Governance	Risk Management		

E – Audit Universe

Area	2019/20	2020/21	2021/22	2022/23	2023/24
Finance	Income Collection & Credit Control	Purchasing & Procurement	Budgetary & Financial Reporting	Payroll	Income Collection & Credit Control
	Commercial Income				Purchasing & Procurement
Compliance			Health & Safety		
Central Functions		MIS	Procedures Manual Review		
		VfM: Community & Leisure Courses			
		Value for Money			
Estates				Estates Management	
HR/ Staffing				Equalities & Diversity	
Student Management				Complaints Handling	Student Retention
IT			IT Systems	Disaster Recovery Testing	ProSolution System Review
Governance	Corporate Governance		Risk Management		
	Information Governance				

E – Audit Universe

Area	2024/25	2025/26	2026/27
Finance	Financial Sustainability		Financial Systems/ Controls
Compliance		Safeguarding	
Central Functions			Environmental, Sustainability & Governance
Estates			Estates Management
HR/ Staffing	HR Policies		
Student Management			
IT	Business Continuity & Disaster Recovery	Cyber Security	