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AUDIT & RISK COMMITTEE

3 October 2024

Internal Audit Plan 2024/25 to 2026/27

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 2024/25 to 2026/27.

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 3 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 (previously known as Wylie & Bisset) following a procurement process in 2019. The current contract finished 31 July 2024. A procurement exercise completed in June 2024 and the Board approved the appointment of wbg Services LLP 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	2024/25	2025/26	2026/27
Financial Sustainability	✓		
Finance systems/controls			✓
HR Policies	✓		
Governance		✓	
Estate management		✓	
Safeguarding		✓	
Environmental, sustainability & governance			✓
Cyber security			✓
Business continuity & disaster recovery	✓		
Education Management Allowance	✓	✓	✓
Student Support Funding	✓	✓	✓
Credits	✓	✓	✓
Follow up review	✓	✓	✓

5.4 The plan provides a high-level indicative summary of scope for the audits to be undertaken during 2024/25. Full audit scopes will be developed for the future years and reported to the Committee in May each year.

5.3 The above plan fully utilises the 25 audit days approved in the budget. Additional audit days however can be purchase if areas of concern are identified.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

The audit fee for three years of the is £10,700 per annum and has been fully incorporated in the approved budgets.

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:

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Borders College

Internal Audit Plan 2024/25

September 2024

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Introduction

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

Formal Approval

This Audit Plan covers the period 2024/25 and will be presented to the Audit Committee for approval on 3 October 2024.

Approach

Planning process and review

Approach

The Internal Audit Plan has been produced based on the following:

| Consideration of the risks noted within the College's Risk Register;

| Consideration of previous internal audit coverage and the key findings from these reports;

| Meetings held with the Vice Principal (Finance and Corporate Services) and the Director of Finance;

| Preparation of an Audit Universe;

| The identification of all areas of work by system and sub-system;

| The identification of key controls and associated risks for each system and sub-system; and

| The determination of the internal audit resource required to meet the identified audit needs.

Planning Process

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Below is a diagram which details our planning process:

Understanding the organisational context

Evaluating the risk management process

Designing the audit plan

Communicating and agreeing the plan

Reviewing and revising the plan

Internal Audit planning process

Operational Plan

2024/25

Financial Sustainability

Audit area	High level indicative summary scope	Total number of days
Financial Sustainability	The purpose of this review is to ensure that the College has robust financial strategies and practices in place that support long-term sustainability, including effective management of resources, budgeting, and financial planning processes that align with the College's strategic goals. Our objectives for this review are to ensure: | That the College has financial planning and budgeting processes in place, which are aligned with its strategic goals and are capable of supporting its long-term sustainability. | Verify that funds are received as anticipated and that any discrepancies in timing are reported on timely, appropriately and alongside any impact on cash flow and/or operations. | That the College implements cost management practices that optimise the use of resources, eliminate waste, and ensure that expenditures are necessary, justified, and aligned with the strategic objectives. | That there are robust systems for regularly monitoring and reporting on the College's financial performance, ensuring that key stakeholders have timely and accurate information to make informed decisions. | That the College's reviews its sources of revenue, assessing their stability, diversity and predictability. | There are contingency plans for financial disruptions, such as economic downturn or loss of major revenue sources.	5

Business Continuity & Disaster Recovery

Audit area	High level indicative summary scope	Total number of days
Business Continuity & Disaster Recovery	The purpose of this review is to ensure that the College has appropriate business continuity planning and disaster recovery arrangements in place. Our review will consider whether there is sufficient contingency planning in place to address the possibility of an unforeseen event. Our objectives for this review are to ensure that: | There are appropriate Business Continuity and Disaster Recovery plans and procedures in place at the College. | There is appropriate testing and reporting of Business Continuity and Disaster Recovery procedures at the College. | Appropriate training for Business Continuity and Disaster Recovery is being provided to all staff at the College. | Roles for Business Continuity and Disaster Recovery at the College are clearly defined and are appropriate.	4

HR Policies

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Audit area	High level indicative summary scope	Total number of days
HR Policies	This review will consider the human resources policies in place within the College and ensure that these are sufficient, follow good practice, and adhere to current legislation and guidance. Our objectives for this review are to ensure that: | The College has a complete suite of up to date HR policies, which have been appropriately agreed and are readily available to applicable staff. | That there is a clear differentiation between mandatory, high-impact policies and those that are "nice to have" but not critical, with the aim of streamlining the policy framework. | That any HR policies identified as redundant, outdated, or no longer necessary are recommended for elimination, to reduce complexity. | There is an appointed person or team who are tasked with monitoring, reviewing, and updating the policies. | There is a specific timetable for drafting and reviewing policies, ensuring new legislation and regulations are incorporated. | Adequate training is provided to ensure compliance with the policies.	4

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

Assignment Plans & Dates

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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	Carolyn Chapman –Student Funding Manager	10 September 2024	24 September 2024	Tbc
	SSF	2				
	Credits	5	Joanne George – Director of MIS			
2	Financial Sustainability	5	Kirsty Robb – Vice Principal (Finance and Corporate Services)	18 November 2024	6 December 2024	Tbc
3	Business Continuity & Disaster Recovery	4	Conor Bradley – Director of IT and Digital	10 March 2025	28 March 2025	Tbc
	HR Policies	4	Debbie Kerr – Director of People Services			
	Follow Up	1	Kirsty Robb - Vice Principal (Finance and Corporate Services)			

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 2027		Operating Plan (No. Of days)		
System	**Audit Area**	**2024/25**	**2025/26**	**2026/27**
Financial Systems	Financial Sustainability	5		
	Financial Systems/Controls			4
Non-Financial Systems	HR Policies	4		
	Governance		4	
	Estates Management		4	
	Safeguarding		5	
	Environmental, Sustainability & Governance			3
IT	Cyber Security			6
	Business Continuity & Disaster Recovery	4		
Required	EMA	2	2	2
	SSF	2	2	2
	Credits	5	5	5
	Follow Up Review	1	1	1
	Audit Management	2	2	2
	Total Days	**25**	**25**	**25**

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

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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 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.

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 2019. Please see page 15 for the colour key of assurance ratings.

Area	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Governance & Compliance	Corporate Governance		Risk Management				Governance	Environmental Sustainability & Governance
IT and Information Governance	Information Governance	MIS	IT Systems	Disaster Recovery Testing	Pro Solutions	Business Continuity & Disaster Recovery		Cyber Security
Finance	Income Collection and Credit Control	Value for Money	Budgeting and Financial Reporting	Payroll	Income Collection and Credit Control	Financial Sustainability		Financial Systems/Controls
	Commercial Income	Purchasing & Procurement	Procedures Manual Review		Purchasing & Procurement			

E – Audit Universe

Area	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Funding *	SSF	SSF	SSF	SSF	SSF	SSF	SSF	SSF
	EMA	EMA	EMA	EMA	EMA	EMA	EMA	EMA
	Credits	Credits	Credits	Credits	Credits	Credits	Credits	Credits
Operations Management		VFM: Community/ Leisure Courses	Health & Safety	Equality & Diversity	Student Retention	HR Policies		
				Complaints Handling			Safeguarding	
Facilities Management				Estates Management			Estates Management	

* Assurance ratings are not provided for the Funding Reviews