



University of Glasgow

Internal Audit Update and Annual Report

Audit Committee Meeting

23 November 2006

Please note that a hard copy of this report with A3 size appendix page will be posted directly to Audit Committee members and attendees.

This report and the work connected therewith is subject to the Terms & Conditions of the contract between University of Glasgow and Deloitte & Touche LLP. This report is for the sole use of management and should not be released to any third party.

Deloitte.

Annual Internal Audit Report

Report to the Audit Committee

As Internal Auditors we are required to provide the Audit Committee with an Annual Internal Audit Report. The University Court and its management are responsible for ensuring that a system of control, financial and otherwise, is established and maintained. This is in order to carry on the operations of the University in an orderly and efficient manner, to ensure adherence to management policies, to safeguard the assets, and to secure, as far as possible, the completeness and accuracy of records. Our responsibility as internal auditors is to evaluate significant systems and associated internal controls and to report to the Audit Committee on the adequacy of such controls and systems. We cannot examine the whole system of controls, financial or otherwise, nor is Internal Audit a substitute for management's responsibility to maintain adequate systems of internal control over financial or operational systems.

In considering our assessment of the framework of controls we have taken the following into consideration:

- results of audits undertaken during the year;
- the balance of probity work against review of management arrangements and value for money work;
- follow up action taken in respect of last year's audit work;
- our perception of the extent of 'control awareness' amongst the staff and management of University of Glasgow.

On the basis of work undertaken for the year ended 31 July 2006 we consider that University of Glasgow generally has an adequate framework of control over the systems we examined as summarised on page 2 (subject to implementation of the recommendations). In providing such an assessment we would draw to your attention our summary findings as presented in our individual reports issued throughout the year and particularly the Priority One recommendations highlighted on page 8.

We take responsibility for this report, which has been prepared on the basis of the limitations set out on page 10.