



University of Abertay Dundee

Internal Audit Annual Report 2009/10

November 2010

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Executive Summary

As Internal Auditors, our role is to provide the Audit Committee, Court and University Management with independent assurance as to the adequacy and effectiveness of the systems of internal control we review and to report weaknesses identified together with recommendations for improvement. We fulfil this role by performing appropriate Internal Audit work in accordance with the annual Internal Audit plan approved by the Audit Committee.

The purpose of this paper is to present our Annual Report to the Audit Committee for the Internal Audit work conducted in relation to the financial year 2009/10. A table summarising the areas covered during the period is included in the activity summary on page 3, and our Annual Internal Audit Statement is included on page 4.

We have completed the Internal Audit plan for 2009/10 which included a total of eight projects. We raised a total of 30 recommendations. No high priority issues were raised in our reports during the year. The key messages for the Audit Committee regarding the 2009/10 Internal Audit results are as follows:

- The Review of New Programme Development includes 3 moderate priority recommendations related to the use of market research, reporting of student uptake figures for new courses and the number of stages in the approval process.
- The Review of the School of Contemporary Sciences concludes that the overall internal control framework is effective. One moderate priority issue was raised relating to the need to budget for bench fees. We also raised two lower risk recommendations relating to the School Research Policy and staff appraisals.
- The Review of Careers Advisory and Academic Support Services contains 2 moderate priority recommendations relating to inconsistencies in the content of the annual reports for the Career Development Centre and Student Academic Support. We also made a low priority recommendation regarding a lack of formal feedback collected on the Summer School run in August 2009.
- Our audit of computer assurance (Review of Corporate Applications and Central Services Unit), gave rise to 4 moderate and 2 low priority findings. The moderate priority issues relate to a skills gap for developers in the CACS department, need to agree SLAs and KPIs with users, over reliance on key individuals for support and maintenance of systems, and need for a process to involve end users in the selection of third party vendors. The low priority issues related to the need for documented change management policies and obtaining user feedback.
- The Review of Financial Control Framework showed that management have made good progress in improving the financial control framework since this exercise was undertaken in in 2008/09. Areas that have seen improvement include access to the financial system, the approval of purchase orders and up to date policy and procedural documentation. Only two controls were assessed as not in place, and another two as requiring improvement.

Executive Summary (continued)

- Our review of TRAC indicated that the University is compliant with the Research Councils UK Quality Assurance and Validation (QAV) requirements. We raised two moderate and three low priority recommendations for improving TRAC process and procedures. The moderate priority findings relate to the University not adhering to the TRAC requirement to survey the use of all shared space in their estates costs allocation, and to the Key Risk Sign Off document, which had not been completed at the time of our audit.
- Our review of the Equality Assessment Impact tool gave rise to one moderate and two low priority findings. We recommended that an action plan is created for each School/Service which has comprehensive coverage of all the policies to be assessed including dates for completion. Any deviations should be reported to SMG. The low priority findings related to management information about policies and formal monitoring of the project plan.
- The Follow Up Review highlighted good progress on closing out prior year recommendations with 68% of the recommendations being fully implemented or no longer applicable. One high priority issue was noted as partially implemented from the Procurement and Tendering review. This relates to our recommendation that the Finance Department develop targets and KPIs for procurement costs and non pay budgets. Data has been gathered so that this can be done, but the KPIs have not yet been produced.

Overall Activity Summary

A summary of the number and grading of recommendations for the project areas covered is provided in the table below.

INTERNAL AUDIT PROGRAMME FOR 2009/10								
Project	Status	Budget Days	Actual Days	Number of Recommendations by Priority				
				High	Mod	Low	Total	
1	Review of New Programme Development	Complete	9	9	0	3	3	6
2	School Review - Contemporary Sciences	Complete	8	8	0	1	2	3
3	Review of Careers Advisory and Academic Support Services	Complete	10	10	0	2	1	3
4	Review of Computer Assurance	Complete	9	9	0	4	2	6
5	Review of Financial Controls Framework	Complete	9	9	0	2	2	4
6	Review of TRAC	Complete	6	6	0	2	3	5
7	Review - Equality Assessment Impact Tool	Complete	6	6	0	1	2	3
8	Follow Up on 2007/08 Recommendations	Complete	6	6	n/a	n/a	n/a	n/a
9	Contingency Allowance	Not used	6	0	n/a	n/a	n/a	n/a
10	Audit Committee preparation and attendance, general contract management and client liaison	Complete	16	16	n/a	n/a	n/a	n/a
			85	79	0	15	15	30

Annual Internal Audit Statement

Statement to the Audit Committee

As Internal Auditors we are required to provide the Audit Committee with an Annual Internal Audit Statement. 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 and 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;
- follow up action taken in respect of previous year's audit work; and
- our perception of the extent of risk and control awareness amongst the staff and management of the University.

On the basis of the work undertaken in relation to the year ended 31 July 2010, we consider that the University has appropriate controls over the systems we examined as summarised on Page 2 (subject to the satisfactory implementation of the agreed audit recommendations). In providing such an opinion we would draw your attention to our detailed findings as presented in the individual internal audit reports issued during the year.

We take responsibility for this report, which has been prepared on the basis of the limitations set out on page 5.

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Deloitte LLP

Glasgow

November 2010

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