

# Internal Audit Service

**Annual Report  
2008/2009**

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## 1 INTRODUCTION

1.1 This Annual Report is intended to meet two objectives:

- To provide Court and the Principal, through the Audit Committee, with an independent and objective formal opinion on the adequacy and effectiveness of the University's arrangements for:
  - Governance, Risk management and control;
  - Economy, efficiency and effectiveness.
- To provide Court and the Principal, through Audit Committee, with an account of the activities and resources of IAS during 2008/09.

1.2 This Report covers the period from 1<sup>st</sup> August 2008 to 31<sup>st</sup> July 2009 and the schedule of work for the 2008/09 year. It also takes account of work undertaken up to the date of the issue of this report, August 2009.

1.3 The Report is grounded in the whole activity and the work of the Internal Audit Service (IAS), whether in terms of formal audit evidence and work, ad hoc/consultancy activity, or evidence gathered through being 'part' of the Institution as an 'in-house' service.

## 2 IAS: TERMS OF REFERENCE & STRUCTURE

2.1 In 2008/09 the Terms of Reference for IAS were refreshed and updated to reflect more accurately current practice within IAS and showing clearly alignment with Sector best practice and the University's Agenda for Excellence. The full revised Terms of Reference for the IAS, approved by Audit Committee and Court can be found on the IAS website ([www.strath.ac.uk/internalaudit](http://www.strath.ac.uk/internalaudit)).

### *Mission Statement*

2.2 To deliver a leading internal audit service within the higher education sector. To provide the Principal and Court, through the Audit Committee, with an independent and objective assurance and advisory service; to evaluate the adequacy and effectiveness of the University's risk management processes, internal control, operations and governance processes, and provide quality advice which adds value and assists management at all levels in achieving their objectives that are consistent with the University's strategic plan and agenda for excellence.

### *Responsibilities*

2.3 To provide the required assurance, the IAS will undertake a programme of work based on a strategy, authorised by Court on the advice of the Audit Committee. The programme will evaluate the arrangements in place:

- To identify, assess and manage risks to the achievement of organisational objectives.
- To ascertain the soundness, adequacy and application of the internal control systems.
- To assess the effectiveness and efficiency of operations.
- To ensure compliance with laws, regulations, contracts, established policies, procedures and good practice.
- To safeguard assets from fraud, irregularity or corruption.
- To ascertain the integrity and reliability of financial and other information provided to management and stakeholders, including that used in decision making.

### *Independence*

2.4 The IAS has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. The Head of Internal Audit, subject to any guidance from the Audit Committee, is solely responsible for the management and development of the IAS. However, the IAS may provide independent advice on risk management, control, governance, value for money and related matters, subject to resource constraints and the need to maintain objectivity.

For day to day administration purposes, the Head of Internal Audit reports to the University Secretary. The Head of Internal Audit also has direct access to the Convener of Court, the Convener of Audit Committee, the Treasurer and the Principal.

#### *Staffing Structure*

- 2.5 The IAS had a full complement of staff throughout 2008/09; there are three full time posts in the department: -

Head of Internal Audit: Clare Urquhart [B.Acc, CPFA]

E-mail: [c.urquhart@strath.ac.uk](mailto:c.urquhart@strath.ac.uk)

The Head of Internal Audit has overall responsibility for the management and development of IAS; the preparation of detailed annual audit plans; liaison with external auditors and other consultants; monitoring and review of all the University's management practices, operations, systems and procedures; preparation of the IAS Annual Report and ensuring the department's adherence to relevant professional auditing standards and the relevant Funding Council's mandatory requirements.

Senior Internal Auditor: John Basketter [BA (distinction), CPFA]

E-mail: [john.baxxxxxxx@xxxxxx.xx.uk](mailto:john.baxxxxxxx@xxxxxx.xx.uk)

The Senior Internal Auditor is responsible for his own portfolio of audits; carrying out ad-hoc investigations as well as deputising for the Head of Internal Audit and assisting in the development of the department.

Internal Auditor: Margaret Gray

E-mail: [m.gray@strath.ac.uk](mailto:m.gray@strath.ac.uk)

The Internal Auditor undertakes her own portfolio of audit visits to departments as well as support work on other audits undertaken by the audit team and a variety of other work as directed by the Head of Internal Audit.

Administrative Support (one day per week): Amanda Reid

E-mail: [amanda.reid@strath.ac.uk](mailto:amanda.reid@strath.ac.uk)

Administrative support has been provided one day a week to the IAS by Amanda Reid, who is based within the Safety Services department.

- 2.6 Appendix A outlines the summary staff skill set of the IAS during 2008/09. The particular skill set which the three members of staff bring to the IAS will continue to strengthen IAS in 2009/10.

### **3 2008/09: AN OVERVIEW OF THE YEAR**

- 3.1 There must be sufficient evidence underpinning the IAS annual assessment to the Principal and Court to make it reliable. The IAS assurance methodology based on a risk based internal auditing approach provides the IAS with a solid basis in which to inform Senior Management, Audit Committee and Court on two main areas:-

- Providing an annual overall independent objective opinion of the adequacy and effectiveness of management's systems regarding governance, risk management, control, and value for money;
- Highlighting the added value of the audit process by identifying those areas of the University activity which are providing leading examples of excellence, high standards and good practice in their management and use of resources; and conversely, those areas which are not yet achieving or have fallen short of standards expected. IAS prioritises and reports on those issues which require corrective action by Senior Management in either the department or wider University.

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## GOVERNANCE

- 3.2 Our work has covered the arrangements to ensure the effective maintenance and enforcement of University policy including Financial Regulations, delegated authority, declaration of interests, fraud prevention and we have reviewed arrangements for the implementation of the strategic plan with regards, the revisions to the governance framework, decision making, professional services and Social Sciences. IAS has also undertaken an overview of current practice against the updated Committee of University Chairs (CUC) Guide for Members of Higher Education Governing Bodies published by CUC in March 2009 (Ref: 2009/14). The outcome showed that the University is currently well positioned with provision for this area to be reviewed again in 2009, in order to assess how the new processes and governance arrangements, currently being introduced, fare against this standard measure of good practice.

### Strategic Plan Implementation

- 3.3 The University is undertaking an unprecedented amount of change within a relatively tight timescale. During 2008/09 Audit Committee required assurance that the ultimate proposals that each Strategic Review Group would make and present to Court would be generated within a robust and well managed framework. Audit Committee requested that IAS review the control mechanisms in place with regards three key strategic reviews, namely the review of:

- Professional Services
- Social Sciences
- Decision Making Structures and Processes

- 3.4 The objective of the audit exercise was to obtain assurance that each of these three reviews was being conducted in a structured and robust manner enabling informed outcomes to be generated which are based on a solid body of evidence gathered through an effective toolkit of project management techniques, applied across all three projects.

- 3.5 IAS had access to all documentation relating to each of these Review Groups. From our independent review of the documentation and discussion with relevant officers, IAS was satisfied that these Groups were managed effectively to ensure delivery of the outcomes outlined in each Review Groups' terms of reference.

- 3.6 IAS noted:

- Consistency of approach in the management of the key project areas across each of the Review Groups. This was seen to be facilitated by regular discussions between the staff servicing the Review Groups thereby enabling the sharing of experiences and best practice;
- Progression of each of the Review Groups was clearly documented via comprehensive Action Logs and Work Plans with actions clearly allocated within specified timeframes and an overall monitoring status on the action assigned;
- Agendas, notes of meetings/minutes, consultation outcomes were all clearly documented and maintained;
- Risk Logs were also found to be effectively utilised. IAS found evidence that these were very much 'live' documents, which were revised regularly in the light of the changing dynamics as each of the reviews progressed;
- Variety in the communication tools utilised to ensure inclusion of all interested parties (e.g. use of designated web pages, workshops, one to one meetings, open meetings, e-mail, strategy statements).

### Review against revised CUC Corporate Governance Guide

- 3.7 The Committee of University Chairs (CUC) has as its first aim, to support the higher education sector to develop the highest standards of governance. In 2004, CUC published a Guide for Members of Higher Education Governing Bodies which shared current good practice and encouraged adoption across the sector. A voluntary Governance Code of Practice was also proposed, which it was anticipated, all Institutions would be able to subscribe. The publication was adopted as best practice across the sector. An updated Guide (incorporating the Governance Code of Practice and General Principles) was published by CUC in March 2009 (Ref: 2009/14).

- 3.8 A Corporate Governance Checklist of the key activities and requirements benchmarked against the updated CUC Guidance has been produced. IAS undertook an overview of current practice against this checklist and reported the results to Audit Committee in June 2009. The outcome showed that the University is currently well positioned. It is envisaged that the exercise will be undertaken again in 2009/10, as part of the IAS corporate governance assurance work set out in the Internal Audit annual assurance plan.

#### **SFC revised Audit Requirements**

- 3.9 Formal notification by letter, to all Principals and Directors of Scotland's Colleges and Universities, regarding the withdrawal of the Codes of Audit practice, was made by the Scottish Funding Council (SFC) on 14<sup>th</sup> October 2008. The revised audit requirements (internal and external) now fall under the 'Audit and Accounting' section, contained within the mandatory requirements of the Financial Memorandum. An analysis of the requirements compared to current Institutional practice was undertaken by IAS with the results reported to Audit Committee in November 2008. The impact of the revised audit requirements, on current practices and procedures, from the internal audit perspective was found not to be significant.

#### **RISK MANAGEMENT**

- 3.10 Given the changing internal and external environments that the University is currently operating within, the need to understand and manage risk at all levels throughout the University has never been greater. An embedded and robust risk management process adds real value to the University's goal of being a world class technological University.
- 3.11 The 2008/09 year has marked a substantial change in the University's risk management process. Following the adoption of the University's Strategic Plan (2007-2011), departments, faculties and CAS areas submitted Strategy Statements in June 2007, followed by implementation updates in April 2008. This was part of the development of a University-wide annual strategic planning process. To ensure that the Statements could be compared across different departments and areas it was considered essential that each area of the University prepared detailed yet importantly comparable Strategy Statements.
- 3.12 Specific questions and elements of questions within the Strategy Statement Frameworks issued in January 2009 were concerned with the department/faculty approaches to the management of risk in order to enable the collation of risk management information to be integrated into the strategic planning process. Previously Faculties and some CAS areas produced Risk Registers as part of their annual reporting cycle. The questions detailed within the Strategy Statement Framework on risk were anticipated to replace the templates usually provided and provide more detailed information on current risk management practices by the very nature that every department would now be asked to consider these questions and provide appropriate responses.
- 3.13 During 2008/09, IAS involvement in risk management has been primarily to monitor the development of the new process, and to review the effectiveness of the process in practice, to date. IAS provided an initial detailed review of the revised risk management approach to Audit Committee in 2008/09 and has provided advice to colleagues both in Finance Office and Planning in order to ensure that the revised approach provides an effective mechanism for capturing and appropriately managing the University's risks both at operational and strategic level.
- 3.14 The objective of the IAS review was to review the Departmental and Faculty Strategy Statements and assess the feedback from departments with regards the specific questions and elements of questions that related to the management of risk. In addition, the Risk Registers produced by the seven key budget holders were also reviewed for completeness.
- 3.15 IAS found that in general:
- The Strategy Statements submitted were highly detailed and informed documents;
  - Comprehensive SWOT analyses were found to have been undertaken;
  - There was a positivity communicated in the Strategy Statements regarding the challenges being faced.

- 3.16 IAS found that the Faculty and CAS Risk Registers did appear in general to be informed from the risk information contained within the departmental Strategy Statements, which in turn informed the generation of a draft Corporate Risk Register.
- 3.17 The collation of risk management information from departments, integrated within the strategic planning process, was seen by IAS as a positive step forward by enhancing the robustness of the University's risk management processes and further embedding risk management procedures both at operational and strategic levels.
- 3.18 Despite specific questions being asked of departments with regards to risk, few departments gave complete responses to all questions. Some departments in response to the suite of risk questions provided a risk register (predominately CAS departments). Other departments identified risks/challenges/issues across different sections of the Strategy Statement. It was also noted that there was a lack of evaluation of these risks/challenges/issues with regards an assessment of the impact and likelihood of occurrence. As a result:-
- The ease of reference to update these risks could be more onerous than if the identified risks had been contained within the specific section as indicated on the Strategy Statement Framework.
  - The lack of evaluation of these risks/challenges/issues with regards impact and likelihood could also make it more difficult to monitor progress and assess the effectiveness of the mitigating actions.
- 3.19 Disappointingly, there was a lack of information provided by departments with regards how risks are currently managed and identified. This was seen by IAS as being a particularly useful question, to further gauge the risk appetite both at operational and strategic level. The specific reasons for this are unclear, however, the question could either have been erroneously omitted or due to the reason that in fact there are no specific processes currently in place within some areas.
- 3.20 Some points for consideration as a result of this IAS review included:
- Clearer formatting of the Strategy Statement Framework;
  - Further consideration of alternative formats for capturing risk information within the Strategy Statements, in line with best practice;
  - From the responses received additional guidance would be beneficial to departments with regards good practice at operational risk level, advice on ongoing monitoring of risks and clarity on escalation procedures;
  - Given the positive feedback from departments/faculties, future risk management training should be developed.
- 3.21 In moving forward, the University clearly recognises the importance of an effective risk management system and have engaged external experts to assist in the further development of the University's risk management processes and procedures informed by best practice.
- 3.22 The role that IAS can play within the University's risk management process requires that the independence of the IAS function is maintained. However, within that framework IAS is keen to work with University colleagues to further enhance the University's risk management processes and procedures to ensure they fully support the University in achieving its strategic goals.
- 3.23 Development of an IT Risk Universe and Register commenced during 2008/09, with further refinement via stakeholder participation scheduled for completion early in 2009/10.
- 3.24 Finalisation of the IT Risk Register will clarify the resource input required in order to review the key IT risks (anticipated to be on a rolling programme). It is also anticipated that certain key systems reviewed by IAS will be further supplemented with some specialised IT audit testing (e.g. HR/Payroll System). As previously discussed at Audit Committee the required specialist IT auditing skills will require to be sourced, outwith the IAS team.

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## INTERNAL CONTROL SYSTEMS

- 3.25 In the next twelve to eighteen months, the University will embark on an unprecedented amount of change both structurally and procedurally as a result of the implementation of agreed recommendations from the various strategic review processes. The impact of staff movement as a result of the ERVS scheme further adds to the change climate. Whilst the impact of change will affect some areas within the University more than others, it is crucial that during the change process (and beyond) the University maintains the necessary robust control standards to ensure the University operates as efficiently and effectively as possible which is particularly relevant in the current challenging economic environment.
- 3.26 Internal controls are designed to safeguard assets, maintain accurate and reliable accounting information, promote operational efficiency and encourage adherence to prescribed policies and procedures. The University's internal control environment constitutes the combination of policies, procedures and organisational design.
- 3.27 IAS has continued both strategic and compliance level work over the University's control systems. IAS has commented on the application, design and appropriateness of some of the control systems and processes that manage the strategic and operational risks to the University. Specific distinct control areas included within the assurance plan included financial systems, operational systems and IT systems.
- 3.28 IAS has been actively engaged during 2008/09 in assessing the adequacy of the controls in two major projects: e-Procurement and HR/payroll. IAS has participated at both working Group and Steering Group level to ensure that robust procedural controls have been considered and put in place during the project development lifecycle.
- 3.29 IAS has also undertaken development work during the year with regards a potential new approach to internal control self assessment including the development of an annual internal Control Self Assessment (CSA) questionnaire that could be completed electronically (possibly via Pegasus) by departments. It was considered that this would be a useful tool for IAS and would complement the University culture of continuous improvement, in line with the Excellence Agenda. IAS noted that a number of Institutions have embedded the concept within their management practices, in particular a number of international technological Universities.
- 3.30 The introduction of the internal CSA questionnaire will act as a useful aid both to departments in assessing the robustness of their internal controls and also to IAS (and Audit Committee) with IAS utilising the CSA programs for gathering widespread and relevant information about risk and controls; enabling audit work to be further focused on high risks, unusual areas and would enable horizon scanning by IAS to identify more swiftly common control 'hot spots' thus helping to initiate swift corrective action.
- 3.31 Within each departmental review, a number of key systems are checked and assessed for robustness e.g. budget monitoring, payroll, purchasing, debtors, cash, stock, research contracts, asset management, computer arrangements, safety, data protection, freedom of information, ethics, disability procedures and any other area which may be unique to the department under review. For some of the more specialised audit reviews, a more tailored audit scope and programme is prepared and undertaken in order to test the robustness of those particular controls. During 2008/09 IAS has performed testing and conducted enquiries on various internal controls throughout the University and performed assessments of their adequacy and the levels of compliance with them.

## EDF Monitoring

- 3.32 As a result of our ongoing liaison with senior Estates staff, IAS monitoring of large capital projects, has continued to be strengthened with access to the Progress Report Template used by Project Managers to track the progress (financial and technical) of each project. During 2008/09 the Audit Committee approved the approach which proposed that at each meeting of the Estates Strategy Committee, a summary schedule of all active major projects would be received which would detail the original (Gateway 1) budget, the current approved budget and the estimated outturn costs. IAS was asked to monitor the schedule on a regular basis and report the outcome of the monitoring

exercise to each meeting of the Audit Committee. IAS staff have on-line access to the Progress Report Template database used by Project Managers to track the progress (financial and technical) of each project. IAS was therefore able to review, on a regular basis, the status of each project. This information can then be used as a basis to trigger further questioning of both Finance and Estates colleagues.

**Follow-Up Activity**

3.33 It is essential that audit recommendations, once accepted by management, are acted upon. Follow up of internal audit reports and assessing whether agreed action arising from recommendations made, has been implemented, is an important aspect of the IAS. Work has been ongoing within IAS to streamline the reporting format of follow up work to Audit Committee. In 2008/09, follow-up activity involved a review of 25 reports.

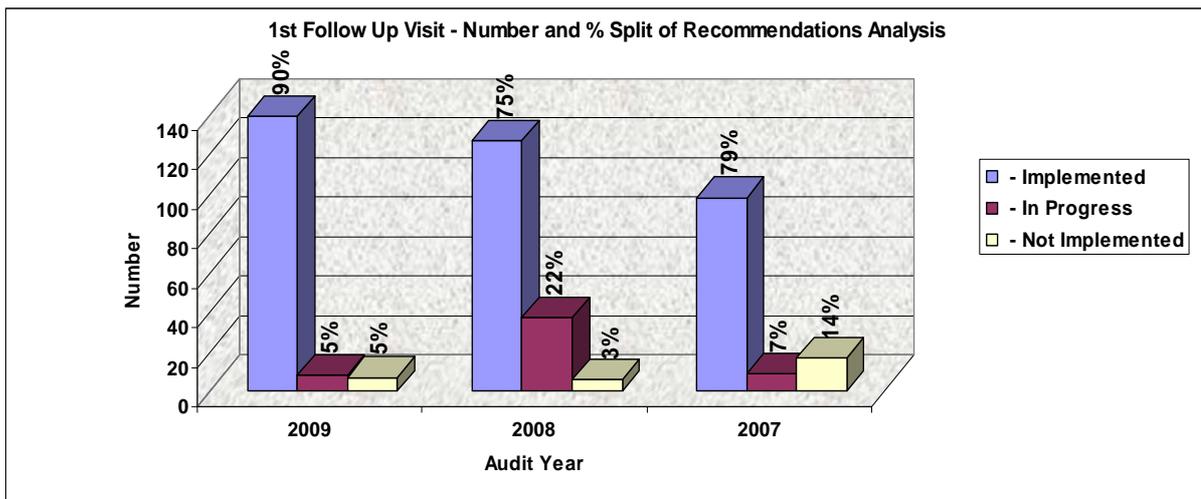
*Follow-Up Process*

3.34 Heads of Department are asked to provide, three months following the issue of a final report, an update which details progress made on the implementation of agreed recommendations. This process highlights thematic issues more quickly and provides assurance to the Head of Internal Audit that departments are taking prompt action in the light of the recommendations made. Conversely, it also highlights areas where little or no action has been taken which require further investigation by the IAS. This process enhances but does not replace the requirement to undertake a full follow-up audit visit to each area.

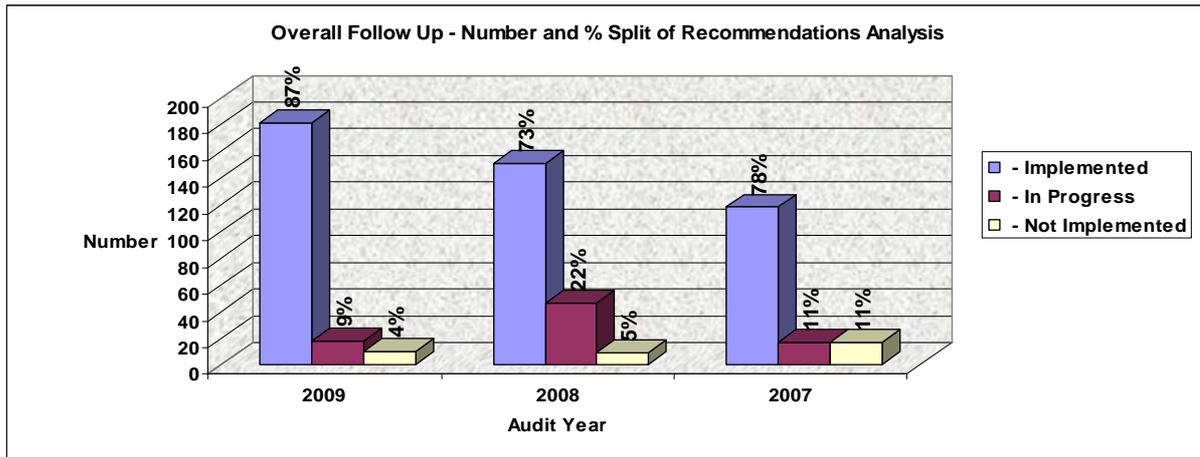
3.35 Following receipt of the three month progress report, the IAS visits the relevant department and performs audit work which is designed to obtain assurance on the implementation of recommendations. This is achieved through sample audit testing, review of documentation and discussions with members of staff. IAS assess the status of the recommendations using a simple traffic light basis for reporting purposes e.g. fully implemented (green), partly implemented (amber) and not implemented (red).

*Follow-Up Results*

3.36 On the completion of the 2008/09 follow-up exercise, it was pleasing to note that for those departments receiving their first follow up visit, 90% (139 out of 154) of all recommendations had been fully implemented. Comparison with previous years is detailed in the graph below:



3.37 From an overall follow up perspective (i.e. first, second, and third follow up visits), it was noted that approximately 87% (181 out of 209) of all recommendations had been fully implemented. Comparison with previous years is detailed in the graph below:



- 3.38 For those areas where the recommendation was still to be implemented, departments were requested to notify the Head of Internal Audit, by a specific date, regarding implementation of the outstanding recommendations. A summary showing the themes of outstanding recommendations is included in Appendix B.

### VALUE FOR MONEY

- 3.39 *'The Institution must have a strategy for systematically reviewing management's arrangements for securing value for money'.*  
SFC Financial Memorandum (Mandatory requirement 31) October 2008.
- 3.40 The Funding Councils, internal audit practitioners, and audit committees have recognised for a number of years, a need to move away from the one off style of Value for Money (VFM) reporting towards a more holistic review process. In this way, management integrates its VFM activities into regular management processes (academic and non academic) with the ultimate aim of it being embedded in the Institution's management culture in a similar fashion to risk management.
- 3.41 Conducting VFM studies is not the only way to show a commitment to value for money. Existing management practices that seek to integrate VFM principles and the active promotion of a culture of continuous improvement are two alternative approaches. Conducting a VFM study does not in itself demonstrate VFM. This is dependent on the result of the study and on any action taken in response to its findings.
- 3.42 The University has a number of mechanisms which helps to ensure consideration of the '3 Es' i.e. Faculty Policy and Resource Committees, departmental committees, Financial Regulations, Purchasing Procedures and Procurement Guidelines, to name but a few.
- 3.43 A number of activities can also be identified as giving a wider appreciation of the University's effectiveness than the more traditional market testing and bench marking of service provision. Examples of such activities undertaken by the University which can be viewed as facets of performance include:
- Strategic planning process;
  - Key performance indicators;
  - Financial strategy and the budget setting/cost reduction process;
  - Costing and pricing policies (TRAC/fEC);
  - National Student Survey;
  - Course costing and portfolio reviews;
  - Business process reviews and systems development;
  - Performance appraisals and career development;
  - Purchasing activities;
  - Programme quality processes.

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- 3.44 Two years into implementation, the Agenda for Excellence has had a very real impact not only on the work of IAS but across every area of the University. Firstly, the self examination opportunity provided by the whole exercise has resulted, from an operational viewpoint, in further enhancements to day to day work practices to enable areas to do things more efficiently and effectively. Secondly, the knock on effect of the changes and reviews being undertaken across all University departments and key systems has resulted in changed priorities and enhanced streamlining.
- 3.45 The IAS is committed via work contained in our assurance plans to helping the University ensure that satisfactory arrangements are in place, via a variety of different mechanisms, to continue to promote and secure value for money within the University. In 2008/09, the IAS has also undertaken work with some key University departments.
- 3.46 In liaison with Finance Office, Purchasing Services, and Information Technology Services (ITS), IAS continues to examine the opportunities for potential savings to the University through increased use of electronic commerce. The University's e-Procurement Strategy and the introduction of the PECOS e-procurement system has many VFM implications for the University. IAS's involvement both on the e-procurement Working Group and Steering Group alongside representatives from Purchasing, Finance and ITS, ensures that opportunities are grasped whilst ensuring that the associated risks have been identified, measured and managed.
- 3.47 Work with Estates Management has included attendance by IAS staff at over 14 significant value tender openings (>£9M). As well as ensuring that tender openings follow acceptable procedures, IAS involvement continues through to the receipt of the tender evaluation reports to ensure that evidence exists to show that the final tender award decisions are delivering best value for money to the University.
- 3.48 Within each individual departmental audit, VFM is *always* examined. A sample of significant value transactions are traced and evidence sought in the department that all relevant factors have been taken into account and best value obtained. Certain decisions made by audited departments in 2008/09 were again questioned by IAS.
- 3.49 The implementation of the reports recommendations helps to ensure that the department can provide clearer evidence of providing value for money in its operation. Where departments are able to provide evidence of VFM, then these instances are discussed by the Head of Internal Audit with the Head of Purchasing at their regular meetings. IAS staff make a variety of other recommendations in departmental audits which contribute towards the achievement of VFM. Typically these recommendations will include simplification or changes to departmental procedures which reduce the level of duplication which occurs.
- 3.50 The IAS is also able to put departments in touch with other departments to consider the sharing of another department's knowledge in a certain area (e.g. departmental budgetary control procedures, stock control packages). The IAS web pages also include a section for good practice templates to help facilitate this process further. During 2008/09, further enhancements to the IAS working documents have been undertaken. The audit working papers for each section in the audit programme contains a specific check point for the Auditor which amongst other things requires specific sign off on any indications of poor value for money.
- 3.51 In June 2008, the Head of Internal Audit produced a briefing paper to highlight to Audit Committee the current changes in perspective with regards VFM contained within the new 2008 HEFCE Accountability and Audit: Code of Practice, and outlined how VFM is currently reviewed within the context of the University. Updated guidance was made available from the SFC via the revised mandatory requirements to the Financial Memorandum which was published in October 2008. During discussion around this paper it was considered that value for money was inherent in the University's Strategy and Excellence Agenda. In addition, it was recognised that there was a need for the University to be able to clearly demonstrate its achievements with regards value for money by producing a value for money strategy/policy as well as an annual report which would pull together and highlight value for money activities and initiatives.
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- 3.52 The Finance Director and Head of Internal Audit have had ongoing discussions with respect to VFM during 2008/09 and a review has also been made of practices from other Institutions and best practice guidance. Three papers on Value for Money were prepared for consideration by Audit Committee prior to full discussion and approval by University management. The papers presented included a draft strategy, draft annual report format and draft reporting templates to collate VFM initiatives across the University.
- 3.53 The VFM agenda is a key enabler in helping the University fulfil its ambitions detailed in its Strategic Plan as it seeks to appraise and challenge not only current performance but also current working practices. A VFM Strategy should therefore be viewed alongside the other enabling strategies within the corporate planning framework.
- 3.54 During 2008/09, the University has been considering the best way to consolidate details of its VFM arrangements into a more formal strategy and reporting document. A VFM Champion (a senior member of Finance Office staff) has been identified to further progress the effectiveness of the current VFM reporting arrangements during 2009/10.

## **OTHER WORK**

### **Transparency Review/Full Economic Costing**

- 3.55 During 2008/09, IAS has continued to review the steps taken by the University to ensure compliance with the requirements of the Transparent Approach to Costing (TRAC). Work during the year was split into two areas; review of the annual Transparency Review Return (TR) and review of the ongoing process of refining the TRAC model in line with the guidance.
- 3.56 IAS has regular meetings (normally monthly) throughout the year with the fEC Accounting Manager. These meetings provide a useful forum for IAS to be kept up to date with developments and enhancements to the TRAC model and it enables the fEC Accounting Manager to obtain an audit perspective on any proposed changes and enhancements based on the most recent guidance to the sector. During several of these meetings, the Auditor met with the fEC Accounting Manager and specifically reviewed the collation of the TR Return for 2007/08 and the Quality Assurance and Validation (QAV) documents.
- 3.57 There is an increased focus on the use of TRAC data in ensuring the sustainability of both Teaching and Research. In December 2008, a letter from the chair of the new Financial Sustainability Strategy Group was issued to all heads of higher education Institutions in England, Wales, Scotland and Northern Ireland emphasising the importance of the TRAC data and the need to carry out validation and reasonableness checks of the data produced. Additional checks have been built into the TRAC return to ensure that reasonableness of the data is considered and there is now a requirement to submit a written commentary where certain criteria are met.
- 3.58 During 2008, audit work has been undertaken to review the updates to the TRAC model as specified in the Guidance and also with regard the completion of the 2007/08 TAS exercise. Work has also been undertaken in reviewing:
- The Income model which is used for allocating income across the five reporting categories and the implementation of the Guidance updates;
  - The expenditure model which is used for allocating costs across the five reporting categories and the implementation of the Guidance updates;
  - The TRAC adjustments (infrastructure, which compensates for the understatement arising from the use of historic costs and the Return for Financing and Investment (RFI), which introduces a cost associated with risk and development). These adjustments which are required to be made to the financial statements figure, were also verified, both in terms of the basis to be applied and the actual calculation;
  - Approach taken by the University with regards charge out rates for Laboratory Technicians and Major Research Facilities (MRF);
  - The Estates Driver information including the weighted space calculation;
  - The charge out rates for Research.

- 3.59 Audit testing of arrangements for the 2007/08 Transparency Review Return and on the general progress of the University meeting the TR requirements proved satisfactory. Review work has provided further evidence of the enhancement and refinement of the University's calculations to implement the TRAC methodology robustly and comply with the TRAC Guidance. The outcome from the QAV review undertaken in July 2008 has also confirmed this IAS viewpoint. IAS will continue to monitor and review closely developments in this area during 2009/10.
- 3.60 HEFCE developed TRAC (T) to collect more detailed information on expenditure on teaching split across HESA cost centres. TRAC (T) became mandatory in England and Wales from 2006/07. The SFC confirmed that TRAC (T) would continue to be a voluntary exercise in Scotland for 2007/08, with the deadline for voluntary submission being April 2009. IAS has reviewed the TRAC (T) methodology developed at Strathclyde to ensure compliance with current sector guidance. The work undertaken to date has proved satisfactory.

### **EU Grant Certification**

- 3.61 IAS also continues to undertake the audit certification of EU 6<sup>th</sup> Framework grant claims. This has again proved both challenging and interesting given the diversity and complexity of contracts in which the University has been involved in, over the past year. The involvement of IAS has saved the University from the direct cash costs of external audit fees. The IAS is the only in-house Internal Audit Service in Scottish Higher Education currently undertaking such certification work. Audit work undertaken in this area however compliments the audit review work undertaken within departments, particularly with regards procurement practices and expense claim certification controls.
- 3.62 During the course of 2008/09, a total of 52 claims (32 claims in 2007/08) amounting to c£3M, have been reviewed by IAS and an appropriate audit certificate, in accordance with EU guidelines has been provided. During 2008/09, the University's procedures for the compilation of EU claims (including audit certification) was again reviewed externally by EU appointed Auditors. The outcome of the review concluded that the EU Auditors were fully satisfied at the current systems and procedures in place within the University. During 2008/09, the Head of Internal Audit has also attended the Full Economic Costing Working Group EU subgroup meetings to provide audit related advice in relation to the more complex 7<sup>th</sup> Framework contracts.

### **Benefits Case and Baseline Methodology (e Procurement)**

- 3.63 The Benefits Case and Baseline Methodology were discussed by the University's e-Procurement Steering Group at its meeting in December 2008. The Chair of the Steering Group suggested a review by IAS of the baseline measurement and benefits tracking calculations as calculated by the e-Procurement Project Team. This was discussed with the Convener of Audit Committee and a detailed review was undertaken by IAS resulting in a number of areas of improvement identified.
- 3.64 Three key recommendations were made which included a 'checklist' of measurement steps for both the 'Best' and 'Worst' processes produced by the Project Team to help ensure consistency in the core data being measured and costed. On agreement of the checklist, a 'levelling out' exercise was recommended to be undertaken by the Project Team on the data collated from the phase 1 Departments, to ensure consistency in approach and thus allow the revised baseline figure to be, where necessary, adjusted and finalised. As an enhancement to the validation process, it was recommended that IAS should undertake to review the departmental process maps and costings provided by the Project Team for some of the departments, prior to the details being incorporated into the overall baseline calculation. All three areas identified by IAS were accepted by the Steering Group and have now been actioned by the Project Team.

### **Ad Hoc Activity**

- 3.65 The University, through its in-house IAS, has scope to utilise the varied skills set of the audit staff to provide advice on wider organisational development activity. This activity whilst reported to the University's Audit Committee, may not result in formal reports and may take the form of 'consultancy' within the terms recognised by HM Treasury. This activity however can contribute to the Head of Internal Audit's annual opinion.

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- 3.66 During 2008/09, IAS has also undertaken a variety of other work which has contributed to our annual assurance opinion. A listing of some of our ad hoc activity is detailed in Appendix C.

## 4 AUDIT RESULTS

- 4.1 The Service sets out an Annual Assurance Strategy and Plan. This plan is amended and flexed to account for the Audit Committee and University's requirements and to make adjustments to the timing of the audits to provide the most effective assurance to assist both the Audit Committee and the University management. The Service also flexes the plan to meet the Audit Committee requirements specifically over issues where the Audit Committee wishes to confirm actions to address identified or known weaknesses in control.
- 4.2 The work of the year has encompassed both academic and administrative departments across both campuses. The listing detailed at Appendix D illustrates the broad mix of different types of areas which have been reviewed during the course of the year across the key assurance areas and provides a summary analyses of the recommendations and overall audit opinion, where appropriate.
- 4.3 The plan delivered has varied from that set out at the commencement of the year with variations reported to Audit Committee. Each variation has been to accommodate Audit Committee or management requirements and the Service has taken a judgement to defer or reschedule work and done so on the basis of enhancing the overall assurance, given changing circumstances, provided in this report. A summary analysis of the assurance plan delivery is detailed at Appendix E.
- 4.4 The common themes which emerged from the departmental audits undertaken during 2008/09 include some instances where:
- Departments bypassed the University's commitment accounting system;
  - Departments showed unfamiliarity with the University's Purchasing Manual with regard to invoices not being signed or authorised correctly;
  - Departments showed some unfamiliarity with the University's tendering procedures and the requirement to complete, where appropriate, a single source justification form;
  - Good housekeeping practice of scoring through unused lines on purchase orders was not always being performed;
  - Departments did not always have evidence to demonstrate that purchase orders/invoices are matched to goods received notes;
  - The University's pro forma forms for disposal of assets was not always completed and authorised;
  - Departments had no mechanism in place for recording and monitoring the safety training of members of staff;
  - Departments did not always have sufficient evidence to demonstrate compliance with the University's data protection policy.
- 4.5 Pleasingly, 2008/09 saw an increase in the number of audit reviews where an overall 'Satisfactory' audit opinion could be placed on the reviews undertaken and as detailed at 3.36 the percentage of audit recommendations implemented at the time of the first follow up visit stood at a satisfactory 90%.

## 5 QUALITY ASSURANCE & PERFORMANCE MEASURES

### QUALITY ASSURANCE ARRANGEMENTS

- 5.1 During 2006/07, HEFCE in collaboration with CHEIA launched a self-assessment toolkit aimed at enhancing and developing internal audit practice across the higher education sector. Three in-house internal audit providers piloted the tool during 2006/07. Using feedback from the pilots, CHEIA agreed a definitive version of the tool for use to assess the 2007/08 year. This was again reviewed and updated during 2009 (taking into account the International Professional Practices Framework launched by the IIA in January 2009).

- 5.2 The tool is a spreadsheet based assessment comprising of 60 questions, against which the assessor rates the audit service on a four point scale as either Best Practice, Good Practice, Partially Compliant or Potentially non-Compliant. Responses to these questions are then weighted across the six assessment categories resulting in a web diagram which illustrates the department's operating position across the six criteria: due professional care; strategy; methodology; people; independence and quality assurance.
- 5.3 In 2008, the respective heads of the audit services of the original pilot Universities; Newcastle, Durham and Edinburgh, were joined by the Head of Internal Audit to participate in a four way independent review of the quality of the audit services provided at each of these Institutions. The Secretary to the University and the Convener of Audit Committee both welcomed IAS's participation in this process. The purpose and spirit of the review process was seen to be very much in line with the University's Agenda for Excellence. In July 2009, CHEIA included Strathclyde University within the peer review group to include four other Institutions (Durham, Edinburgh, Newcastle, and University of West of Scotland (UWS)).
- 5.4 The 2009 peer review process, similar to the 2008 review, involved completion of the revised electronic toolkit with submission to reviewers of all necessary evidence to support the assessment category identified in the toolkit. Review of the individual toolkits and the submitted evidence was then undertaken by the other four Heads of Internal Audit with a face to face meeting held at Edinburgh University in July 2009 for all participants to seek clarification on any issues independently identified by the peer reviewers. The outcome from the process is peer validation of the assessment categories generated via the toolkit.
- 5.5 The internal audit self assessment tool provides a percentage score, with 100% representing best practice. The results of the 2009 review of the IAS (including the 2008 results for comparison) are detailed below with the resulting web diagram for 2009 illustrated in Appendix F:

<b>Criteria</b>	<b>IAS 2009 (% score)</b>	<b>IAS 2008 (% score)</b>
Due Professional Care	93	80
Strategy	93	75
Methodology	95	77
People	92	70
Independence	97	84
Quality Assurance	90	75
<b>Overall Average</b>	<b>93</b>	<b>77</b>

- 5.6 These gradings have been agreed and validated by the heads of audit of the four other participating Institutions and a formal opinion has been issued by the four respective heads of audit on the IAS self assessment to Audit Committee.
- 5.7 Comparison of the Strathclyde scores against the average of the Peer review group are detailed below:

<b>Criteria</b>	<b>IAS 2009 (% score)</b>	<b>Ave Peer Review Group (% score)</b>
Due Professional Care	93	90
Strategy	93	92
Methodology	95	90
People	92	91
Independence	97	95
Quality Assurance	90	89
<b>Overall Average</b>	<b>93</b>	<b>91</b>

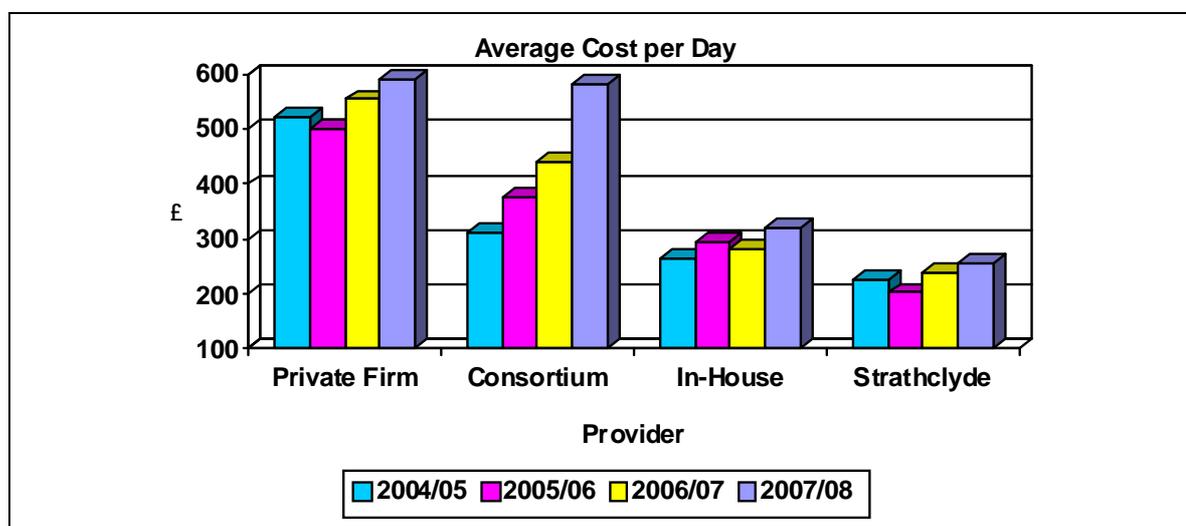
- 5.8 CHEIA's Development Officer will collate provider scores submitted electronically by mid August 2009 and these will be presented anonymously for publication at CHEIA's annual conference in September 2009. The scores will be classified according to the level of participation (e.g. self assessment, peer review, or evidence based peer review).
- 5.9 As can be seen from the above results, the IAS at Strathclyde sits well, however we must never become complacent. A detailed action plan has been prepared and throughout 2009/10 measures will be put in place to increase our scoring further. The measures to be implemented have been reported to Audit Committee.

### BUFDG AUDIT SURVEY RESULTS

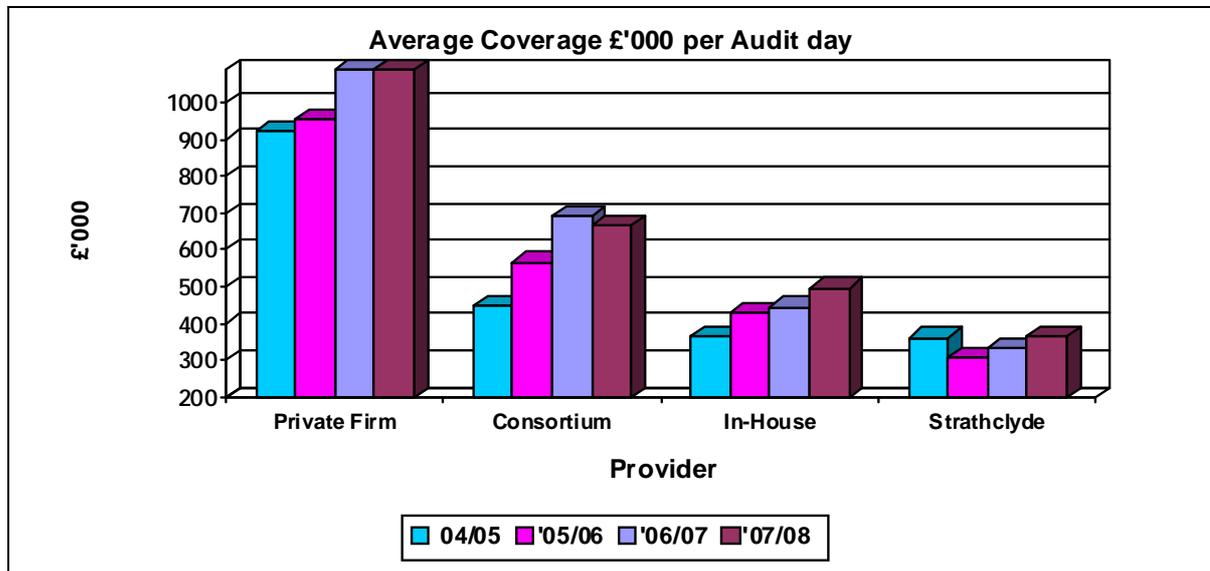
- 5.10 The latest British Universities Finance Directors Group (BUFDG) Annual Audit Survey relating to 2007/08 was issued in February 2009. The results of the survey are used by a number of Institutions to help benchmark both their internal and external audit provision. The response rate of 118 Institutions from a possible 164 gave a response rate of 72%. Like every year the figures require to be regarded with *caution* as the figures submitted by Institutions are taken at face value (i.e. the method of assessing days provided is not necessarily consistent, VAT is not always included in the Audit Firms and the costs of internal staff are most likely not the full economic cost).
- 5.11 From the most recent BUFDG Annual Audit Survey results, an analysis of the 24 Universities from the 118 participating Institutions, where the gross annual expenditure was greater than £200m (Strathclyde's = £210m) indicated that 42% of these Institutions utilised in-house provision of internal audit services.
- 5.12 The BUFDG Survey findings in relation to audit costs is detailed below:

Type of Provision	2007/08 Average Annual Costs (£)	Average nos. of days	Cost per Day (£)
Accounting Firm	72,110	122	589
In House	182,994	574	319
HE Consortium	135,845	231	588
Other Consortium	41,957	95	442

- 5.13 The graph below provides an indicator as to the cost of IAS against sector comparators over the past four years. The IAS figure of £257 per day for 2007/08 is considerably lower than the average cost per day of the private firms (£589) and also compares favourably with the average cost per day (£319) of in-house providers and of Consortium providers whose average cost per day is £581. The total average cost per day across all providers is £417.



- 5.14 The graph below is concerned with providing a broad indicator of audit coverage relative to the size of the Institution. For every one audit day, private firms cover on average almost £1237k of University spend. In comparison, for every one audit day undertaken by Strathclyde's IAS, it covers approximately £364k of University spend. Consortium providers cover approximately £665k.



- 5.15 The average of all in-house providers is £496k. The figures highlight the difference in audit coverage between external providers and in-house providers over the past four years. The total average coverage per audit day across all providers is £635k.

### PERFORMANCE - BALANCED SCORECARD

- 5.16 IAS is required to demonstrate clearly to Senior Management and Audit Committee how the department measures performance and adds value to the University. Whilst numerous metrics are available to measure internal audit performance, the challenge faced is selecting those that are most meaningful to the IAS, the University and the key stakeholders.
- 5.17 The IAS has always sought to provide its key stakeholders with a set of performance measures which are appropriate to their needs and circumstances. Throughout the years these performance measures have evolved in line with both key stakeholder expectations and with sector best practice. The agreed performance measures are reported at various times (within the IAS Activity Report and more fully within the IAS Annual Report) throughout the audit year.
- 5.18 The change in SFC Code of Audit Practice in 2008, further alignment of IAS with the University's excellence agenda and recognition of renewed guidance within the 2008 Committee of University Chairs (CUC) Audit Committee Handbook, Institute of Internal Auditors (IIA) and other professional Institutes, provided an opportunity during 2008/09 for the IAS performance measures to be re-examined. As part of this exercise refreshment of the department's reporting protocol was also undertaken.
- 5.19 A balanced scorecard framework can be used as an effective tool to link the IAS Strategy to its performance management system. The balanced scorecard is intended to align the mission and work of the Service to that of the University, whilst still remaining an independent function. In addition, the goal of a balanced scorecard (in a similar fashion to the CHEIA Quality Assurance toolkit) is to raise performance in all areas, not one area at the expense of another. This focuses performance measures on those that add strategic value to the University and are aligned to the various internal and external stakeholders of the Service.

- 5.20 The year 2008/09 has therefore been partly a transition year as the department moved from the previous format of performance reporting to the new format (agreed by Audit Committee in June 2009). Information on performance for 2008/09 has been mapped where possible onto the refreshed performance measurement balanced scorecard and supporting metrics for IAS, as detailed in Appendix G.

### CLIENT SATISFACTION SURVEY RESULTS

- 5.21 The lasting impression which audited departments have after the completion of an internal audit is a key factor. Since 2006/07, a Client Satisfaction Survey has been issued by the Head of Internal Audit at the end of each audit exercise to the Head of Department/Director of the client department with the completed survey returned to the secretary to Audit Committee. The secretary to Audit Committee then passes a copy of the completed survey to the Head of Internal Audit for review. The Client Satisfaction Survey forms part of IAS's ongoing quality assurance process. IAS aims to move the Client Satisfaction Survey onto an electronic format for 2009/10.
- 5.22 The collated results of the Client Satisfaction Surveys for 2008/09 completed to date are detailed in the table below:

	Highly Satisfactory (%)	Satisfactory (%)	Unsatisfactory (%)
<b>1. GENERAL</b>			
How would you rate the overall usefulness of the audit?	40	60	
Explanation of audit objectives	60	40	
Professionalism of Auditor carrying out the work	60	40	
<b>2. QUALITY OF AUDIT REPORT</b>			
Overall clarity & presentation	60	40	
Relevance of findings and recommendations reported	80	20	
<b>3. TIMING</b>			
Duration of audit process	60	40	
<b>4. COMMUNICATION</b>			
Helpfulness of Auditor	60	40	
Sufficient consultation during audit process	60	40	
Consultation on findings & recommendations	60	40	

- 5.23 In addition, some Departments have also made use of the facility on the Survey form to supply "other comments" examples of which are as follows:
- *"The audit was a very useful exercise and carried out in a very professional way. We felt able to share any issues we had and seek support".*
  - *"The audit was carried out in an unobtrusive and sympathetic manner which was much appreciated".*

## 6 PUBLIC INTEREST DISCLOSURE POLICY

- 6.1 During 2008/09, IAS was not involved with any reviews instigated under this procedure.

## 7 FREEDOM OF INFORMATION (SCOTLAND) ACT 2002

- 7.1 During 2008/09, three requests were made for information held by IAS under the Freedom of Information Act. The requests were not made directly to the IAS but came via the University's Freedom of Information Officer. Two of these requests had a further supplementary request for information from IAS. The Head of Internal Audit's Activity Report, which is submitted to each meeting of Audit Committee, contains, as a standing item, a Freedom of Information section which updates Audit Committee members with regards requests to the IAS under the Act.

## 8 INTERNAL AUDIT OPINION

### Basis of Opinion

- 8.1 In October 2008, the SFC revised its Code of Audit Practice and incorporated the Council's core audit requirements within the mandatory requirements associated with the Financial Memorandum ('Audit and Accounting'). Supporting references to good practice were also referred to, in relation to the detailed arrangements for internal audit. IAS staff are therefore also required to conduct audit activity in accordance with the professional and ethical auditing standards set out in the:
- Code of Ethics and International Standards (March 2004 and as amended for January 2009) of the Institute of Internal Auditors (IIA);
  - Guidance associated with the Combined Code;
  - CUC Guide for members of HE Governing Bodies;
  - Handbook for members of Audit Committees in HE Institutions;
  - Government Internal Audit Standards (GIAS) and various 'Good Practice Guides' (HM Treasury);
  - IIA Position Statement on Risk Based Internal Auditing (August 2003);
  - Codes and professional standards (CIPFA – for members of the relevant CCAB Institute).
- 8.2 Given the breadth and complexity of the systems operated by the University, it is unlikely that any annual operational assurance plan would manage to cover all systems for managing risk in sufficient depth – this is certainly the case at the University of Strathclyde. Consequently, our assessment considers, not just the work performed in each year, but the work over the period of a strategic assurance plan (in this case three years). In addition, the IAS Annual Assurance Plan reviews the corporate risks of the University against assurance coverage.
- 8.3 The IAS is required to provide the University Court and Principal via the Audit Committee with an overall opinion stating whether the University has an adequate and effective framework of governance, risk management and control, and has in place adequate and effective processes with regards economy, efficiency and effectiveness. In giving this assessment, IAS can only provide reasonable, not absolute assurance that there are no major weaknesses in the University's governance, risk management, control and value for money arrangements. It should also be noted that the primary responsibility of the provision of adequate control and the detection of fraud lies with University Management. In assessing the level of assurance to be given, we have taken into account:
- All assurance work undertaken during 2008/09 and work undertaken in previous years over the period of the strategic assurance plan and in the period up to finalisation of this report;
  - All follow up action taken in respect of audits from previous periods;
  - The effects of any significant changes in the University's control environment;
  - The results of consultancy/ad hoc work undertaken during 2008/09 specified in this report.
- 8.4 No factors have been identified that have impacted on the actual or perceived objectivity and independence of the IAS for the year. This is kept under review throughout the year and any changes are immediately reported to Audit Committee.
- 8.5 The IAS is satisfied that our work undertaken to date allows us to draw a reasonable conclusion as to the adequacy and effectiveness of the University's governance, risk management, control and value for money processes.

### The Opinion

8.6 In our opinion the University of Strathclyde has adequate and effective arrangements for:

- Governance; and
- Control.

For each audit that has been undertaken during the year, recommendations have been made. The implementation of some of these recommendations will continue to improve the University's control and governance systems further.

8.7 In our opinion the University of Strathclyde has adequate arrangements for:

- Risk Management; and
- Economy, efficiency and effectiveness.

8.8 We note that the University has taken considerable steps during 2008/09 to develop the effectiveness of both these areas. The 2008/09 year has therefore been a year of transition. The IAS has provided audit advice on both these areas with regards the developing Risk Management and VFM frameworks (policy, procedure and reporting mechanisms).

8.9 It is anticipated that when the actions planned for the University's Risk Management and VFM Frameworks are fully implemented; the University's arrangements in both these areas will become effective. During 2009/10, IAS will seek to review how well the developed frameworks have become embedded.

## 9 CONCLUSION

9.1 IAS **can** and **does** make a difference. From departments audited, to systems reviewed and advice given to the general University community.

9.2 During the year a wide range of audit work, as illustrated in this annual report, has been performed. In addition, the feedback on the conduct of IAS activities from recipients of audit reports, the external auditors and audited departments, has remained very positive. Such feedback greatly encourages IAS. Participation for the second year in the peer review quality assurance exercise has also been of great benefit in assessing the department's position against sector and professional standards. The contribution of every member of the IAS has been significant.

9.3 This was the fifth full year of IAS working with the Convener of Audit Committee. An effective and productive schedule of regular meetings is in place between the Convener of Audit Committee and the Head of Internal Audit in order to discuss pertinent issues outwith the scheduled Audit Committee meetings. This is supplemented, where necessary, with electronic communication via e-mail and/or telephone. The Head of Internal Audit appreciates the time given by the Convener for these meetings. The continued support given by the Convener to the department throughout 2008/09 is again very much appreciated.

9.4 The next financial year sees the University move forward into challenging but exciting times with regards the changing operating environment both externally and internally. The 2009/10 year will see an unprecedented amount of change internally as the implementation phase of key strategic reviews (Professional Services, Social Sciences, Governance and Decision Making Processes) get underway. IAS requires to provide assurance to Audit Committee, the Principal and Court that the changes and their associated risks are being appropriately managed.

- 9.5 The aim for 2009/10 is therefore clear. It is to continue to enhance the quality of the IAS and to add value to the University. IAS shall provide advice on governance, risk management and internal control issues identify and encourage good practice to reduce the opportunities for waste of resources, fraud or irregularities which may occur. IAS greatly looks forward to the challenges (known and unknown) which 2009/10 will bring.

Clare Urquhart  
Head of Internal Audit  
August 2009

**APPENDICES**

**Appendix A Staffing Skills Analysis**

**Appendix B Analysis of Follow Up**

**Appendix C Analysis of Ad Hoc Activity**

**Appendix D Analysis of Audit Reviews**

**Appendix E Assurance Plan Delivery**

**Appendix F IAS Quality Assurance Results 2009**

**Appendix G Performance against Balanced Scorecard Metrics**

Staff Member	2008/09		2009/10 onward	
	Current Qualifications	Skills	Further Qualifications	Further Skills
Clare Urquhart	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]
John Basketter	[REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Margaret Gray		[REDACTED] [REDACTED] [REDACTED]		[REDACTED] [REDACTED]

**1<sup>st</sup> Follow Up Visit**

No.	Report	Themes of Outstanding Recommendations	
		Ongoing	Not Implemented
205	Professional Development Unit		Purchasing.
216	Biological Procedures Unit	Asset Register.	
217	History	Budgetary Control; and Safety Arrangements.	Safety Arrangements; Budgetary Control; and Cash.
220	Modern Languages	Safety Arrangements; Data Protection; Staffing – Out of Office Working; and Personal Consultancy.	

**2<sup>nd</sup> Follow Up Visit**

No.	Report	Themes of Outstanding Recommendations	
		Ongoing	Not Implemented
199	Payables	Review of Authorised Signatories.	Oracle User Guides; and Invoice Certification.
201	Security Services	Security Environment; Crime Prevention; Computer Arrangements; and Building Logbooks.	

<b>AD HOC ACTIVITY</b>
<p><b>Liaison with Management</b></p> <ul style="list-style-type: none"> <li>▪ The HIA has attended meetings throughout the year with the Convenor of Audit Committee, Deputy Secretary, Finance Director, Director of Estates, Director of IT Services, Head of Purchasing, Head of Safety Services, fEC Accounting Manager, Director and Deputy Director of Research and Innovation, Director of Student Affairs, Head of Communications Office, Change Management and Strategy Officer (Education Faculty), Engineering Faculty Officer, University's Freedom of Information Officer, Estates Capital Accountant and the Deans;</li> <li>▪ The HIA has attended CAS Directors meetings re Strategic Plan developments, Holistic Review Procurement meetings and workshop, Procurement Process Review Group, Business Objects Steering Group, eProcurement Steering Group, Full Economic Costing Working Group EU subgroup meeting;</li> <li>▪ The SIA and IA have attended e-Procurement Working Group meetings to provide audit related advice;</li> <li>▪ The SIA attended an Administrators' networking event in January 2009;</li> <li>▪ The IA attended Post Court and Post Senate de brief meetings throughout the year.</li> </ul>
<p><b>External Liaison</b></p> <ul style="list-style-type: none"> <li>▪ IAS staff and the External Auditors have worked together over the years in order to ensure that there is co-operation and also to ensure that duplication of audit effort is avoided. Contact has involved meetings (usually three; during the interim audit, year-end audit and at the audit planning stage), e-mail communication and telephone calls to discuss issues which effect the two groups of auditors. There has again been good collaboration and exchange of information during 2008/09;</li> <li>▪ The HIA continues to network with colleagues from a variety of Institutions (e.g. Edinburgh, Durham, Warwick, Newcastle, University of West of Scotland) via the Council of Higher Education Internal Auditors (CHEIA);</li> <li>▪ The HIA has continued to communicate with her counterparts from the Universities of Twente, Melbourne and Charles Sturt University; all of whom have visited the IAS over the course of the last two years. There continues to be a good exchange of relevant documentation, of interest to all departments;</li> <li>▪ The HIA and IA attended the CHEIA Northern Regional Meeting at Northumbria University in November 2008;</li> <li>▪ All members of the team attended the CHEIA Northern Regional Meeting at Edinburgh University in June 2009;</li> <li>▪ The HIA and IA attended the Scottish Audit Group meeting held in the Parish Hall, Glasgow in April 2009. The Group consists of members from a variety of areas (private and public sector) within Scotland.</li> </ul>
<p><b>Conferences</b></p> <ul style="list-style-type: none"> <li>▪ All members of the team attended the annual CHEIA Conference at Warwick University in September 2008.</li> </ul>
<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>▪ The Court members Register of Interest was reviewed;</li> <li>▪ Use of the University Seal was reviewed.</li> </ul>

**AD HOC ACTIVITY (CONTD)****Audit Training and Advice**

- The SIA undertook a training presentation in July 2009 to incoming Executive members of the University's Students' Association on the role of Internal Audit particularly in relation to the Association and the control standards expected, with regards club accounts and expense claims;
- IAS has continued to undertake a number of informal training sessions within departments during the course of 2008/09;
- In January 2009, the HIA along with the Convenor of Audit Committee and the Secretary to Audit Committee provided training to two new members of Audit committee;
- The HIA provided advice to the Full Economic Costing Working Group EU subgroup in relation to the more complex 7<sup>th</sup> Framework contracts and the appropriateness and feasibility of moving from project costing via the additional cost model to TRAC EC-FP7;
- IAS is regularly contacted via e-mail, phone or through the department's 'drop-in sessions', for advice. Advice on a range of matters has been provided to the Dean SBS, Director of the Centre for Executive Education, Disability Services regarding ERASMUS funding, Safety Services regarding Data Protection guidelines to staff and a variety of other departments with regards operational control and policy queries. Full details of this work are recorded within the IAS Advice/Enquiry Log.

**Staff Training**

- In June 2009, IAS staff undertook their annual 'away day'. This allowed staff the opportunity to take a step back from the routine of auditing to help enhance our administrative and audit procedures further, as well as the chance to discuss trends and developments in audit;
- Training continued in-house to ensure that all staff are fully briefed in a variety of strategic audit matters thus ensuring the knowledge base within the department, in these areas, is not concentrated on one individual;
- The SIA attended a two day training course on Project Management techniques in September 2008, provided via the Leadership and Organisation Development Unit;
- The HIA and IA attended an intermediate training course, provided by Learning Services IT Training Section, on the use of Excel 2003 in October and November 2008;
- All members of the team attended updated training sessions on the new Business Objects software (utilised by IAS for data interrogation purposes) in November 2008;
- The SIA and IA attended an update course provided by CHEIA on Risk Based Internal Audit at Newcastle University in December 2008;
- The HIA attended the Stress Management Training Course facilitated by Safety Services in February 2009;
- The HIA and SIA attended an update course provided by CHEIA on IT Audit and Security at Edinburgh University in March 2009;
- CIPFA continuing professional development work was undertaken throughout the year by the HIA and SIA.

	Report Reference	Area of Review	Audit Opinion	Key Assurance Category / Summary of Identified Weakness Areas <sup>1</sup>			
				Governance (Policy & Procedure)	Risk	Controls	VFM
1	231	Management	Requires Improvement	√		√	√
2	232	European Policies Research Centre	Satisfactory	√		√	√
3	233	Social Statistics Laboratory	Satisfactory				√
4	234	SIPBS	Satisfactory	√		√	√
5	235	Pure and Applied Chemistry	Satisfactory	√			√
6	236	Centre for Sport and Recreation	Satisfactory	√		√	
7	237	Childhood and Primary Studies	Satisfactory			√	
8	238	Electronic and Electrical Engineering	Requires Improvement	√		√	√
9	230	Principal's Office (including Senior Officer expenses) <sup>2</sup>	Requires Improvement	√		√	√
10	222	VAT <sup>2</sup>	Satisfactory	√		√	
11	239	Finance Function Overview - USSA <sup>2</sup>	Requires Improvement	√		√	√
12	AC 11/08 Paper 6	SFC Revised Audit Requirements	N/A				
13	AC 11/08 Paper 7	Value for Money <sup>3</sup>	Requires Improvement	√			√
14	AC 11/08 Paper 5	HR/Payroll Implementation Update <sup>3</sup>	Satisfactory			√	
15	AC 11/08 Paper 5	E Procurement Implementation Update <sup>3</sup>	Satisfactory			√	√
16	AC 4/09 Paper 8	Review of Baseline Measurement & Benefits Tracking (Pecos Project)	Requires Improvement	√		√	√
17	AC 4/09 Paper 8	TRAC ( R ) Return 2007/08	Satisfactory				
18	AC 4/09 Paper 5.3	Risk Management Process and Reporting	Requires Improvement	√	√		
19	AC 4/09 Paper 7	Overview of Strategic Review processes	Satisfactory	√			
20	AC 6/09 Paper 6.3	Internal Control Self Assessment	N/A				
21	AC 4/09 Paper 9	Follow Up x 25 reports	Satisfactory	√		√	√
22	AC 6/09 Paper 6.5	CUC Corporate Governance Checklist	Satisfactory				
23	AC 6/09 Paper 8.1	HR/Payroll Implementation Area <sup>3</sup>	Satisfactory			√	
24	AC 6/09 Paper 8.1	E Procurement Implementation Update <sup>3</sup>	Satisfactory			√	√
25	AC 6/09 Paper 8.1	TRAC ( T ) Return 2007/08	Satisfactory				
26	EU Grant Certificates	EU Grant Certification – 52 certificates issued	Satisfactory			√	

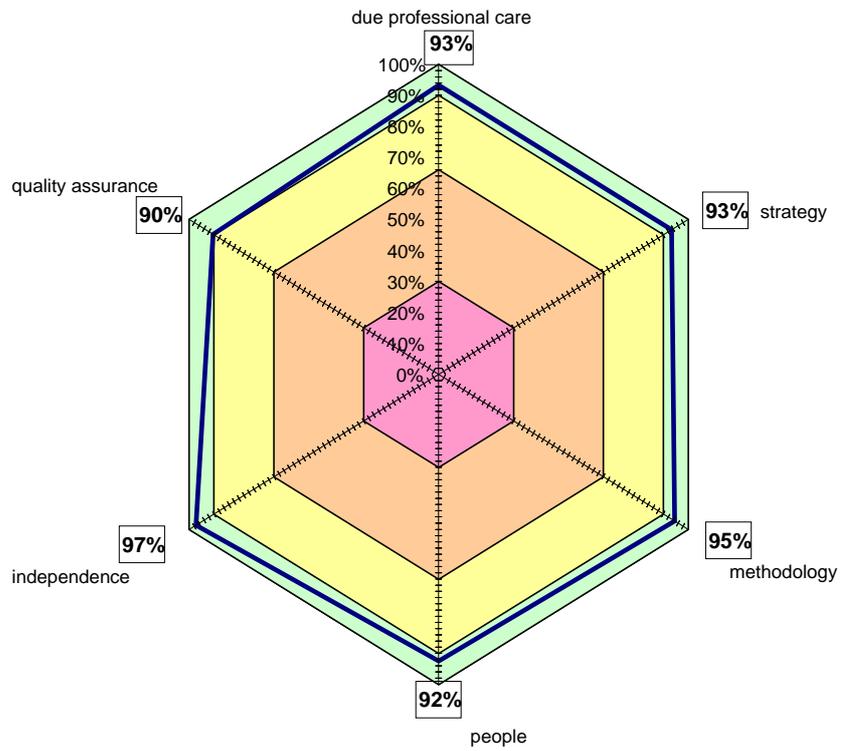
<sup>1</sup> Categorisation of IAS Recommendations: Compliance – linked to Governance; Control Improvement – linked to Controls; Good Practice – linked to Value for Money.

<sup>2</sup> Report currently in draft form.

<sup>3</sup> Audit opinion based on audit work performed to date.

<b>Audit Assignment</b>	<b>Audit Status</b>	<b>Reported to Audit Committee</b>	<b>Comments</b>
<b>Governance</b>			
Strategic Plan 2007 – 2011 (Implementation & Monitoring)	Complete	Meeting 3 (April 2009) & Meeting 4 (June 2009)	
Compliance PBS of Immigration (Systems & Procedures)	Ongoing	Meeting 3 (2009/10)	Fieldwork ongoing due to evolving legislative framework. Included in 2009/10 Audit Plan.
Compliance with Copyright Act	Ongoing		This area is reviewed and reported via specific departmental audit exercises.
Ethical Review & Clinical Governance	Ongoing		This area is reviewed and reported via specific departmental audit exercises.
SFC Revised Audit Requirements	Complete	Meeting 2 (November 2008)	Added to original 2008/09 Audit Plan.
Risk Management Process & Reporting	Complete	Meeting 3 (April 2009)	Added to original 2008/09 Audit Plan.
Overview of Strategic Review Processes	Complete	Meeting 3 (April 2009)	Added to original 2008/09 Audit Plan.
CUC Corporate Governance Checklist	Complete	Meeting 4 (June 2009)	Added to original 2008/09 Audit Plan.
<b>Strategic</b>			
TRAC/fEC Implementation (Research & Teaching)	Complete	Meeting 3 (April 2009) & Meeting 4 (June 2009)	
e-Procurement/Implementation of PECOS	Complete	Meeting 2 (November 2008) & Meeting 4 (June 2009)	
Payroll/HR System Implementation Review	Complete	Meeting 2 (November 2008) & Meeting 4 (June 2009)	Post implementation review included in 2009/10 Audit Plan
Resource Allocation		Meeting 3 (2009/10)	Deferred to 2009/10.
Collaborative Agreements		Meeting 3 (2009/10)	Included in 2009/10 Audit Plan.
<b>Value for Money</b>			
Holistic Reviews – Business Process Streamlining	Complete	Meeting 3 (April 2009)	
Draft University Value for Money Strategy and Reporting Mechanism	Complete	Meeting 2 (November 2008)	Added to original 2008/09 Audit Plan.
Review of Baseline Measurement & Benefits Tracking (PECOS Project)	Complete	Meeting 3 (April 2009)	Added to original 2008/09 Audit Plan.
<b>Central &amp; Academic Areas</b>			
Finance Office <ul style="list-style-type: none"> <li>▪ Superannuation</li> <li>▪ Budgeting &amp; Planning</li> </ul>			Deferred – Risk Profile to be re-evaluated as part of 2010/11 Assurance Plans.
IRD – Library	Ongoing	Meeting 2 (2009/10)	Fieldwork ongoing – to be included in 2009/10 Audit Plan.
Management of IT Audit Review (Outsourced)	Ongoing	All meetings of Audit Committee	
EM – Space Management & Planning			Deferred – Risk Profile to be re-evaluated as part of 2010/11 Assurance Plans.

<b>Audit Assignment</b>	<b>Audit Status</b>	<b>Reported to Audit Committee</b>	<b>Comments</b>
HR – Staff Training & Development			Deferred – awaiting results of Performance Management review. Risk Profile to be re-evaluated as part of 2010 Assurance Plans.
Safety Services			Deferred – Risk Profile to be re-evaluated as part of 2010/11 Assurance Plans.
Principal's Office	Complete	Meeting 2 (2009/10)	Draft report due to be issued.
Project Management	Ongoing	Meeting 2 (2009/10)	Fieldwork ongoing – to be included in 2009/10 Audit Plan.
<b>Faculty Areas</b>			
Strathclyde Institute of Pharmacy & Biomedical Sciences (SIPBS)	Complete	Meeting 3 (April 2009)	
Pure & Applied Chemistry	Complete	Meeting 3 (April 2009)	
Electronic & Electrical Engineering	Complete	Meeting 1 (2009/10)	
EPRC	Complete	Meeting 3 (April 2009)	
Social Statistics Laboratory	Complete	Meeting 1 (2009/10)	
Childhood & Primary Studies	Complete	Meeting 4 (June 2009)	
Faculty of Engineering			Deferred due to the evolving nature of the University's governance framework.
Management	Complete	Meeting 4 (June 2009)	Added to original 2008/09 Audit Plan.
<b>Other Audit Areas</b>			
Students Association – Overview of Finance Function and Management/Student Expenses	Complete	Meeting 2 (2009/10)	Draft report due to be issued.
Student Health Service	Ongoing	Meeting 2 (2009/10)	Fieldwork ongoing – to be included in 2009/10 Audit Plan.
Centre for Sport & Recreation	Complete	Meeting 3 (April 2009)	
Internal Control Self Assessment Questionnaire	Complete	Meeting 4 (June 2009)	Added to original 2008/09 Audit Plan.
<b>Capital Project Review</b>			
AFRC	Ongoing	Meeting 2 (2009/10)	Included in Project Management Report.
Jordanhill Associated Works (James Weir)	Ongoing	Meeting 2 (2009/10)	Included in Project Management Report.
EDF Project Monitoring Overview	Complete	Meeting 3 (April 2009) & Meeting 4 (June 2009)	Ongoing and included in 2009/10 Audit Plan.
<b>EU Grant Claims</b>	Complete	All meetings of Audit Committee	Compared with the original 2008/09 Audit Plan, an additional 27 certificates were issued during 2008/09.
<b>Follow Up</b>	Complete	Meeting 3 (April 2009)	



Financial Perspective		
Goals	Measures	Metrics
To be high quality at lowest possible cost	Performance against budget	<ul style="list-style-type: none"> <li>To be within the pay and non pay budget set and agreed for the period <input checked="" type="checkbox"/></li> </ul>
	Comparison of cost per day with alternative providers (BUFDG annual Audit Survey)	<ul style="list-style-type: none"> <li>To be below the average cost per day of alternative providers on a day rate basis <input checked="" type="checkbox"/> (see section 5.13)</li> </ul>
	Staff quality mix (qualified/unqualified)	<ul style="list-style-type: none"> <li>Minimum 65% qualified : experienced input on a day to day basis <input checked="" type="checkbox"/> (2 out of 3 staff prof qualified)</li> </ul>
	Comparison of Staff levels v Institutional size with other Institutions	<ul style="list-style-type: none"> <li>To maintain appropriate staffing levels for delivery of assurance plans <input checked="" type="checkbox"/> (in line with comparable Institutions)</li> </ul>
	Comparison of average coverage per audit day with alternative providers (BUFDG annual Audit Survey)	<ul style="list-style-type: none"> <li>To be above the average coverage per audit day of alternative providers <input checked="" type="checkbox"/> (see 5.14)</li> </ul>
To deliver quantum of audit needed	Coverage of plan	<ul style="list-style-type: none"> <li>90% of planned reviews to be completed within the academic year excepting for circumstances outside of the Service's control. <b>In progress.</b></li> </ul>
	Reasons for and quantity of variance from the plan	<ul style="list-style-type: none"> <li>All changes to the plan to be notified to Audit Committee <input checked="" type="checkbox"/></li> <li>All reasons for significant variances to plan to be documented and justified within the context of University audit requirements <input checked="" type="checkbox"/></li> </ul>
	Productive fieldwork as a percentage of the plan	<ul style="list-style-type: none"> <li>No more than 25% of available staff time to be spent on internal, non 'client facing' work <input checked="" type="checkbox"/></li> </ul>
Customer Perspective		
Goals	Measures	Metrics
Audit Committee satisfaction	Feedback from Committee members	<ul style="list-style-type: none"> <li>Achievement of a satisfactory score on the Audit Committee Self Assessment Questionnaire re Internal Audit provision <input checked="" type="checkbox"/> (Audit Workshop 2009)</li> </ul>
	Annual Audit Committee report	<ul style="list-style-type: none"> <li>Enabling the Audit Committee to issue its annual report to Court inclusive of an endorsement of at least a satisfactory provision by the Service. <b>No issues anticipated.</b></li> </ul>
	Meeting of specific ad hoc requests and requirements	<ul style="list-style-type: none"> <li>Meeting 100% of ad hoc requests within the timescale set by Audit Committee <input checked="" type="checkbox"/></li> </ul>
Management satisfaction	Positive returns from client satisfaction surveys	<ul style="list-style-type: none"> <li>Achievement of at least a satisfactory rating on all categories assessed in the Client Satisfaction Survey <input checked="" type="checkbox"/></li> </ul>
	Feedback from Principal, COO, CFO and Executive Team	<ul style="list-style-type: none"> <li>Achievement of at least satisfaction on service delivery by University Management. <b>No issues anticipated</b></li> </ul>
	Positive working relationships established	<ul style="list-style-type: none"> <li>Consultancy role of IAS utilised pro actively as allocated within the audit plan <input checked="" type="checkbox"/></li> </ul>
	Positive management responses to audit recommendations	<ul style="list-style-type: none"> <li>Adoption of all final report recommendations by management for implementation <input checked="" type="checkbox"/></li> <li>No recommendations in final reports not accepted on the grounds of factual accuracy <input checked="" type="checkbox"/></li> <li>All agreed recommendations found to be implemented when followed up on the first occasion by IAS. <b>90% (see 3.36)</b></li> </ul>
Stakeholder satisfaction	SFC satisfaction (via GMAP) noted in review of IAS Annual Report	<ul style="list-style-type: none"> <li>No significant issues to be noted by SFC in the review of the IAS Annual Report <b>No issues anticipated</b></li> </ul>
	External audit reliance on IAS work	<ul style="list-style-type: none"> <li>The Service to be considered appropriate for reliance by External Audit <input checked="" type="checkbox"/> <b>No issues reported to HIA</b></li> </ul>

Internal Business Perspective		
Goals	Measures	Metrics
Zero audit failure	Opinions issued to be robust and supported by clear evidence	<ul style="list-style-type: none"> <li>Positive overall quality assurance assessment by CHEIA QA Peer review process <input checked="" type="checkbox"/> (See 5.5 &amp; 5.7)</li> </ul>
Quality assurance to be high	Annual review of IAS by CHEIA QA Peer review process.	<ul style="list-style-type: none"> <li>Positive overall quality assurance assessment by CHEIA QA Peer review process with IAS results to be higher than the sector average. Sector results awaited (See 5.7 and 5.8)</li> </ul>
SFC, ACOP / IIA Standards / GIAS compliance	Annual review of IAS by CHEIA QA Peer review process which incorporates assessment against GIAS and wider requirements	<ul style="list-style-type: none"> <li>Positive overall quality assurance assessment by CHEIA QA Peer review process with IAS results to be higher than the sector average. Sector results awaited (See 5.7 and 5.8).</li> </ul>
Continuity	Staff to remain in post	<ul style="list-style-type: none"> <li>Professional staff to remain in post <input checked="" type="checkbox"/></li> </ul>
Impact	Timely reporting of issues which are adopted and implemented by management	<ul style="list-style-type: none"> <li>Reports to be issued within KPI deadlines. (See IAS reporting and delivery protocol) Partial due to change in protocol mid year</li> </ul>
Clarity	Opinions clear unambiguous and well structured	<ul style="list-style-type: none"> <li>A clear opinion to be issued with all Audit Reports (bespoke reports may omit these) <input checked="" type="checkbox"/></li> </ul>
Objectivity	Reports to be challenging and supportive	<ul style="list-style-type: none"> <li>All reports to be agreed with management prior to publication <input checked="" type="checkbox"/></li> <li>No issues identified from fieldwork go inappropriately unreported (test checked in CHEIA QA Peer Review) <input checked="" type="checkbox"/></li> </ul>
	Independent QA to assess objectivity	<ul style="list-style-type: none"> <li>Positive overall quality assurance assessment by CHEIA QA Peer review process with IAS results to be higher than the sector average. Sector results awaited (See 5.7 and 5.8).</li> </ul>
Innovation and Learning Perspective		
Goals	Measures	Metrics
Staff to continue professional development	Professional skills training to be undertaken in line with skills analysis	<ul style="list-style-type: none"> <li>Progression against skills analysis <input checked="" type="checkbox"/> In progress</li> </ul>
	Attendance at regional and national CHEIA events as well as attendance at SAG, CIPFA, IIA regional and national events as appropriate	<ul style="list-style-type: none"> <li>All members of staff to attend CHEIA conference in 2009 <input checked="" type="checkbox"/></li> <li>Successful hosting/attendance at Regional CHEIA meetings <input checked="" type="checkbox"/></li> <li>Head of Internal Audit to contribute to CHEIA executive HIA asked to sit on CIPFA Scottish Executive</li> </ul>
	All Professional Staff to undertake Institute led CPD activity	<ul style="list-style-type: none"> <li>Institute CPD recognition <input checked="" type="checkbox"/> Ongoing</li> </ul>
Product review	Further development of reporting and auditing practice	<ul style="list-style-type: none"> <li>Full review of reporting documentation and standards for 2009 Ongoing</li> <li>Positive overall quality assurance assessment by CHEIA QA Peer review process <input checked="" type="checkbox"/> (See 5.5 &amp; 5.7)</li> </ul>
Technical leadership	Review of business and sector specific journals and changing accounting and auditing standards	<ul style="list-style-type: none"> <li>Continued subscription to CIPFA, IIA and professional Institutes Business Review Journals <input checked="" type="checkbox"/></li> </ul>
Internationalisation	Expand on current network of links with IAS functions in other international technological Universities	<ul style="list-style-type: none"> <li>Constructive dialogue with at least two new Institutions Progressing via CHEIA's international connections</li> </ul>

IAS Delivery Protocol		
Goals	Measures	Metrics
To be open and transparent over process	Audit Scopes to be shared and notified to Senior Officer and Process Owner	<ul style="list-style-type: none"> <li>▪ Scope to be issued for each review and agreed by the process owner <input checked="" type="checkbox"/></li> <li>Scope to contain:-                             <ul style="list-style-type: none"> <li>♦ Process objective</li> <li>♦ Level of assurance</li> <li>♦ Overview of the timing of the review</li> <li>♦ Detail of the process being reviewed</li> <li>♦ Outputs to be provided</li> <li>♦ Indicative review milestones</li> </ul> </li> </ul>
	Timing of Reviews and areas reviewed to be transparent	<ul style="list-style-type: none"> <li>▪ Annual assurance plan to be reviewed by Audit Committee and Court <input checked="" type="checkbox"/></li> <li>▪ Annual Assurance plan once approved to be made available on the University Intranet <b>In progress</b></li> <li>▪ Communication with appropriate departments/areas <input checked="" type="checkbox"/></li> </ul>
	Risk assessments to be shared	<ul style="list-style-type: none"> <li>▪ Risk assessment to be shared with the process owner and Senior Officer through the reporting process <input checked="" type="checkbox"/></li> </ul>
Outputs to be agreed with University	An adequate closure process	<ul style="list-style-type: none"> <li>▪ IAS to meet with the process owner for each review to feedback initial findings at the end of the audit fieldwork. Details of the areas discussed and outcomes from the meeting contained within the IAS Closure meeting template <input checked="" type="checkbox"/></li> </ul>
	Draft Reports provided for feedback and comment	<ul style="list-style-type: none"> <li>▪ Draft report to be shared with the process owner before wider distribution <input checked="" type="checkbox"/></li> <li>▪ Feedback and comments on draft report to be noted and action taken where appropriate (for factual or interpretative issues) <input checked="" type="checkbox"/> <b>Detailed in Closure meeting documentation</b></li> <li>▪ Draft reports to be shared with University Management (currently University Secretary and Finance Director) <input checked="" type="checkbox"/></li> </ul>
Outputs to be agreed with University	Finalised outputs to be agreed	<ul style="list-style-type: none"> <li>▪ Where applicable, all reports to receive University responses via the IAS response document. These responses require to address the risk(s) identified and provide: <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li>♦ Clear actions</li> <li>♦ Timing for completion of actions</li> <li>♦ A responsible University officer for each action</li> </ul> </li> </ul>

IAS Delivery Protocol		
Goals	Measures	Metrics <span style="color: red;">Partial - due to change in Protocol timeframe during year</span>
Timescales to meet University Requirements	Timely issue of audit scopes	<ul style="list-style-type: none"> <li>▪ Scopes to be drafted and issued by IAS <b>4 weeks</b> prior to commencement of audit</li> <li>▪ Finalisation of draft scope <b>within 2 weeks</b> of planned commencement of the audit. Finalisation of scope undertaken at the audit opening meeting. Audit Scopes appropriately version controlled</li> </ul>
	Timely reporting of work	<ul style="list-style-type: none"> <li>▪ Issue of draft report <b>within 3 weeks</b> after finalisation of audit fieldwork</li> <li>▪ Receipt of process owner responses to draft report <b>within 3 weeks</b> of issue of draft report</li> <li>▪ Issue of final report <b>within 2 weeks</b> of final management response</li> </ul>
	Follow Up	<ul style="list-style-type: none"> <li>▪ Issue of 3 months response document <b>3 months</b> from the date of issue of the final audit report <input checked="" type="checkbox"/></li> <li>▪ Receipt of process owner response to 3 months response document <b>within 3 weeks</b> of issue of document.</li> <li>▪ IAS follow up work to commence <b>within 4 weeks</b> of receipt of response document</li> <li>▪ Issue of follow up report to process owner <b>within 2 weeks</b> after finalisation of follow up audit fieldwork</li> <li>▪ Where agreed recommendations have not been implemented at the time of the first follow up visit a second follow up visit will be undertaken <b>within 6 weeks</b> from the issue of the first follow up report</li> <li>▪ Issue of 2<sup>nd</sup> follow up report to process owner <b>within 2 weeks</b> after finalisation of second follow up audit fieldwork</li> <li>▪ Implementation of all agreed recommendations brings audit cycle to a close</li> </ul>