

# Internal Audit Service

**Annual Report**

**2009/10**

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## INTRODUCTION

1. This Annual Report for the year to 31<sup>st</sup> July 2010 is intended to meet two objectives:
  - Provide Court and the Principal, through the Audit Committee, with an independent opinion on the adequacy and effectiveness of the University's arrangements for Governance, Risk Management and Control and Economy, Efficiency and Effectiveness.
  - Provide Court and the Principal, through the Audit Committee, with an account of the activities and resources of the Internal Audit Service (IAS) during 2009/10.

## IAS: TERMS OF REFERENCE & STRUCTURE

2. The IAS exists to review the arrangements in place to:
  - Identify, assess and manage risks to the achievement of organisational objectives;
  - Ascertain the soundness, adequacy and application of the internal control systems;
  - Assess the effectiveness and efficiency of operations;
  - Ensure compliance with laws, regulations, contracts, established policies, procedures and good practice;
  - Safeguard assets from fraud, irregularity or corruption;
  - Ascertain the integrity and reliability of financial and other information provided to management and stakeholders, including that used in decision making.
3. The IAS has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. For administration purposes, the Head of Internal Audit reports to the Chief Operating Officer. The Head of Internal Audit also has direct access to the Convener of Court, the Convener of the Audit Committee, the Treasurer and the Principal.
4. The IAS had a full complement of three staff throughout most of 2009/10. On 4<sup>th</sup> June 2010, the Head of Internal Audit, Clare Urquart, BAcc CPFA, left to take up the post of Finance Operations Manager in the University's Finance Office. Currently, there are two full time posts in the department: Acting Head of Internal Audit: John Basketter [BA (Distinction); CPFA] and Internal Auditor: Margaret Gray.

## OVERVIEW OF THE YEAR 2009/10

### Governance

5. Our work has covered the effective maintenance and enforcement of University policy including Financial Regulations, delegated authority, declaration of interests and fraud prevention. We have reviewed arrangements for the implementation of the strategic plan, the revisions to the governance framework, decision making, professional services and Social Sciences. IAS has also undertaken a review of current practice against the updated Committee of University Chairs (CUC) Guide for Members of Higher Education Governing Bodies. The outcome of this exercise showed that the University is well positioned.
6. A comparative review of the Financial Reporting Council (FRC) UK Corporate Governance Code 2010 with the FRC Combined Code on Corporate Governance was performed and reported to Audit Committee. The outcome of this review showed that the University's governance arrangements are well placed.

**Strategic Plan Implementation**

7. The University has pursued an unprecedented amount of change throughout 2009/10. During 2009/10, the Audit Committee required assurance that the proposals each Strategic Review Group made and presented to Court would be generated within a robust and well managed framework. Audit Committee requested that IAS review the control mechanisms in place for three key strategic reviews: Professional Services, Social Sciences, Decision Making Structures and Processes.
8. The objective of the exercise was to obtain assurance that each of the three reviews was conducted in a structured and robust manner enabling informed outcomes to be generated which are based on a solid body of evidence gathered through effective project management techniques.
9. IAS was satisfied that the Review Groups were managed effectively to ensure delivery of the outcomes outlined in their terms of reference. IAS noted:
  - Regular reporting to both Court and Senate on the progress and key decision milestones of relevant projects;
  - 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; and
  - 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).

**RISK MANAGEMENT**

10. Over the last twelve months, the University has improved its approach to Risk Management. A variety of initiatives and developments have taken place over this time, including work by Ernst & Young in late summer 2009, to identify improvement opportunities for the University, culminating in a Risk Workshop for the Executive Team and members of the Audit Committee on 1<sup>st</sup> October 2009.
11. Throughout 2009/10, a number of actions were undertaken, including the following:
  - A Risk Management Framework, incorporating a Risk Management Strategy, Policy and Procedures was developed and presented to the Executive Team at their meeting on 15<sup>th</sup> December 2009. The Risk Management Framework (the 'Framework') was approved by Court at its meeting on 23<sup>rd</sup> February 2010;

- To ensure that momentum was maintained, it was agreed by Audit Committee that in the short term, IAS would provide ongoing support for the roll out of the new process. The Head of IAS and the Senior Internal Auditor have therefore worked in collaboration with colleagues from Corporate Services and Ernst & Young, in order to assist with the roll out of the new Framework. The roll out process was timed to ensure that risks considered and recorded at Faculty/Directorate/Departmental level would enable the Executive Team to be fully informed when considering the corporate risks of the University at its meeting on 28<sup>th</sup> April 2010;
  - Three training seminars were provided to University staff on 11<sup>th</sup> and 16<sup>th</sup> March, and also on 6<sup>th</sup> April 2010. IAS and Ernst & Young attended the training seminars held in March, with the April seminar delivered by staff within Corporate Services;
12. The Risk Management Framework is increasingly important to the University as it adapts to meet future challenges. The Framework is a proactive approach to identification, assessment, mitigation and reporting of risk. IAS aligns its audit plans with the University's Corporate Risk Register to provide independent assurance to the Audit Committee that strategic risks are being appropriately managed.
13. IAS also undertakes an annual review of the University's Risk Management processes. IAS reviewed the Faculty, Directorate, and Departmental risk registers, and assessed the information submitted by these areas for compliance with the new Framework. The exercise also included the tracking of escalated and de-escalated risks. Our general conclusions were as follows:
- The collation of risk management information from Departments, Faculties and Professional Service Directorates in a uniform way ensures the risk management process embraces the University's 'One Strathclyde' approach;
  - Given the challenging timescales associated with the implementation of the new Framework and for areas to prepare updated risk registers, the response rate indicated a general embracement of the Framework throughout the University;
  - For those risks that were categorised as 'escalated', the analysis demonstrates there may not be a full understanding of the escalation procedures. Consequently, further guidance should be provided to areas in order to ensure this process operates effectively in the future;
  - Given this is the first time risk management information has been gathered under the new Framework, the use of the 'Movement Upwards'; 'Movement Downwards'; and 'No Movement' descriptors highlighted some anomalies which should be incorporated into further training (via SharePoint). In previous years, the assessment of net risk rating was not required and therefore a comparison of net risk could not be undertaken. We would expect this to be a more meaningful measurement in the future as risks are monitored;
  - The development of a risk management site on the SharePoint system has provided a valuable software tool for the recording, storage, and monitoring of risk management information within the University.
14. The draft Corporate Risk Register (CRR) was presented to the Audit Committee meeting on 3<sup>rd</sup> June. The CRR was prepared on the basis of the University's Risk Management Framework and identified 16 top-level risks along with the relevant risk owner for each one. The key controls (including an assessment of confidence) in place to mitigate the risk were also identified, together with ratings for impact, likelihood, gross and net risk ratings.

15. 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 in 2010/11 to further enhance the University's risk management processes and procedures to ensure they fully support the University in achieving its strategic goals.

### **INTERNAL CONTROL SYSTEMS**

16. 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 control areas within the assurance plan included financial systems, operational systems and IT systems.
17. IAS has been actively engaged 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.
18. IAS has introduced an Internal Control Self Assessment (CSA) questionnaire to act as a useful aid both to departments in assessing the robustness of their internal controls and also to IAS to gather relevant information about risk and controls. This enables audit work to be focused on high risks, unusual areas and horizon scanning to identify common control 'hot spots' thus helping to initiate swift corrective action.
19. At the meeting on 1<sup>st</sup> September 2009, Audit Committee clarified the approach to be taken with respect to the annual internal control self assessment questionnaire. It was agreed that each area should be subject to a rolling process whereby 1/3 of the questionnaire would need to be addressed by all areas each year (*now commencing in 2010/11*), therefore resulting in the completion of the questionnaire by the end of every third year. In addition, it was noted that there might also be a requirement for a modest number of additional questions to be asked in respect of the University's strategy or other important matter, and it was agreed that these questions should be raised as required in the relevant year.
20. 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.

### **Estates Development Framework Monitoring**

21. 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 2009/10, 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.

**Follow-Up Activity**

22. In 2009/10, follow-up activity involved a review of 13 reports. It was pleasing to note that for those departments receiving their first follow up visit, 100% (27 out of 27) of all recommendations had been fully implemented (90% and 75% in the previous two years). From an overall follow up perspective (i.e. first, second, and third follow up visits), it was noted that approximately 90% (45 out of 50) of all recommendations had been fully implemented (87% and 73% in the previous two years).
23. 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. Of the 5 recommendations that are yet to be fully implemented, none are considered to be critical.

**VALUE FOR MONEY**

24. The Institution must have a strategy for systematically reviewing management's arrangements for securing value for money to comply with SFC's Financial Memorandum. The University has a number of mechanisms which helps to ensure consideration of value for money, e.g. Faculty Policy and Resource Committees; departmental committees; Financial Regulations; Purchasing Procedures; and Procurement Guidelines, etc.
25. At the Court meeting on 7<sup>th</sup> May 2010, the University's Value for Money Strategy was approved. The University is committed to achieving VFM as an integral part of its strategy. The simple principle that is expected to be applied to all work is to make best use of the resources available in order to achieve the desired output and maximise the benefit achieved from that output. Whilst the University has an explicit responsibility to achieve VFM from use of its public funds, this principle extends to all of our activities, however they are funded.
26. 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.
27. The IAS is committed via work contained in our assurance plans to helping the University ensure that satisfactory value for money arrangements are in place. In liaison with Finance Office, Purchasing Services, and Information Technology Services (ITS), IAS continues to examine the opportunities for savings through an e-Procurement Strategy and the introduction of the PECOS e-procurement system. IAS's involvement both on the e-procurement Working Group and Steering Group ensures that opportunities are grasped whilst ensuring that the associated risks have been identified, measured and managed.

28. Work with Estates Management has included attendance by IAS staff at over 17 significant value tender openings (>£6M). 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.
29. 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 2009/10 were questioned by IAS.
30. The implementation of the reports recommendations helps to ensure that the department can provide clearer evidence of providing value for money in its operation. 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.
31. 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 2009/10, 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 VFM.
32. In April 2010, the Executive Team identified a number of actions that would be initiated in order to address the challenges arising from future public expenditure reductions and their consequential impact on the University's financial position. One of these actions includes a VFM review of non-salary recurring expenditure in 2010/11 in order to identify scope for efficiency savings. The IAS will continue to monitor progress and outcomes from this review throughout 2010/11.

## **OTHER WORK**

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

33. During 2009/10, 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.
34. The Head of Internal Audit has regular meetings throughout the year with the fEC Accounting Manager. These meetings provide a useful forum for the Internal Audit Service (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.
35. Members of IAS (Head of Internal Audit and Senior Internal Auditor) also attend the Scottish University Help Group which consists of TRAC practitioners and representatives from the various Funding bodies along with other interested parties including Auditors. These meetings provide a useful forum to understand the sector wide issues with regards the implementation of the TRAC requirements and enables the progress at Strathclyde University to be informally benchmarked by IAS against peer Institutions.

36. During 2009/10, audit work has been undertaken to review the collation of the 2008/09 Annual TRAC Return to assess compliance with the Statement of Requirements, initially issued in March 2009, with a further update issued in December 2009.
37. The figures for the Return are generated by a well structured series of linked spreadsheets which have been clearly set out and have been reviewed by IAS on a number of occasions. Updates on enhancements to the model each year are clearly documented by the fEC Accounting Manager. The methodology has also been formally reviewed externally, twice first in 2005 as part of the KPMG Quality Assurance review, and latterly in 2008 as part of the Research Councils UK QAV process.
38. During 2009/10, work has been specifically undertaken in reviewing:
- The **Expenditure model** which is used for allocating costs across the five reporting categories including the inclusion of any updates and tests of reasonableness undertaken;
  - 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 reviewed, both in terms of the basis to be applied and the actual calculation;
  - The **Cost Drivers** utilised to attribute costs via cost pools to activities and academic departments to ensure that the drivers used are appropriate and provide a robust measure of use. In particular, review of academic staff time (AST) recorded on the time allocation schedules (TAS), and the space allocation including the weighted space calculation;
  - The **Income model** which is used for allocating income across the five reporting categories including the inclusion of any updates and tests of reasonableness undertaken; and
  - The **Charge Out Rates** for Research (Estates, Indirect, Laboratory Technician and Research Facilities) and ensuring that the FTEs used in these calculations are obtained via a robust mechanism.
39. The TRAC Update 2, issued in October 2009, required institutions to confirm compliance across a number of key areas as detailed in the Checklist of Key Risks. These key risk areas had been highlighted (via the QAV) as common areas of non compliance with the existing TRAC requirements. IAS is satisfied that the University is compliant. Audit testing of the 2008/09 TRAC (T) Return arrangements proved satisfactory.

### EU Grant Certification

40. IAS 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.
41. During the course of 2009/10, a total of 17 claims (52 claims in 2008/09) amounting to c£1M, were reviewed by IAS and an appropriate audit certificate, in accordance with EU guidelines was provided. During 2009/10, 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.

### Ad Hoc Activity

42. 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. During 2009/10, 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 A.

### AUDIT RESULTS

43. The IAS 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 listing in Appendix B illustrates the broad mix 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.

44. 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 IAS 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 C.

45. The departmental audit reviews which were undertaken during 2009/10 identified a number of areas where improvements in control were recommended. These included the following:

- Where appropriate, purchase orders being raised prior to invoices being received in accordance with the University's commitment accounting system;
- Invoices being certified in accordance with the University's Purchasing Manual;
- The requirement to complete, where appropriate, a single source justification form; and obtaining quotations in accordance with the University's tendering procedures;
- Evidence showing that purchase orders/invoices are matched to goods received notes;
- The University's pro forma forms for disposal of assets being completed and authorised.

### QUALITY ASSURANCE, COST & PERFORMANCE MEASURES

46. The assessment of IAS quality using the Committee of Higher Education Internal Auditors (CHEIA) checklist resulted in the following scores:

Criteria	IAS 2010 (% score)	IAS 2009 (% score)
Due Professional Care	93	93
Strategy	92	93
Methodology	95	95
People	91	92
Independence	97	97
Quality Assurance	90	90
<b>Overall Average</b>	<b>93</b>	<b>93</b>

47. The results were subject to a peer validation exercise. The results from the exercise revealed a sound set of benchmark results for the University's IAS and reinforced its credentials as an effective internal audit service. However, there are areas where improvement can be achieved and an action plan has been prepared which details the 9 questions graded as Good Practice. The Action Plan identifies the improvement action proposed by IAS for each question in order to move to the Best Practice grading.
48. The latest British Universities Finance Directors Group (BUFDG) Annual Audit Survey relating to 2008/09 was issued in April 2010. 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 115 Institutions from a possible 165 gave a response rate of 70%. 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).
49. From the most recent BUFDG Annual Audit Survey results, an analysis of the 27 Universities from the 115 participating Institutions, where the gross annual expenditure was greater than £200m (Strathclyde's = c£240m) indicated that 41% of these Institutions utilised in-house provision of internal audit services. The BUFDG Survey findings on audit costs is detailed below:

Type of Provision	2008/09 Average Annual Costs (£)	Average nos. of days	Cost per Day (£)
Accounting Firm	75,954	133	570
In House	185,042	597	310
HE Consortium	92,863	200	464
Other Consortium	56,360	179	315

50. The IAS cost of £248 per day for 2008/09 (based on Total Employment Costs of £158k and Total Audit Days of 640) is considerably lower than the average cost per day of the private firms (£570) and also compares favourably with the average cost per day (£310) of in-house providers and of Consortium providers (£464). The total average cost per day across all providers is £415.

#### *Balanced Scorecard*

51. Information on performance for 2009/10 has been mapped onto the refreshed performance measurement balanced scorecard and supporting metrics for IAS. The results are detailed in appendices D and E.

#### *Client Satisfaction Surveys*

52. The Client Satisfaction Survey forms part of IAS's ongoing quality assurance process. The collated results of the Client Satisfaction Surveys for 2009/10 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?	75	25	
Explanation of audit objectives	75	25	
Professionalism of Auditor carrying out the work	100	-	
<b>2. QUALITY OF AUDIT REPORT</b>			
Overall clarity & presentation	75	25	
Relevance of findings and recommendations reported	75	25	
<b>3. TIMING</b>			
Duration of audit process	75	-	25
<b>4. COMMUNICATION</b>			
Helpfulness of Auditor	100	-	
Sufficient consultation during audit process	75	25	
Consultation on findings & recommendations	75	25	

## PUBLIC INTEREST DISCLOSURE POLICY

53. During 2009/10, IAS was not involved with any reviews instigated under this procedure.

## FREEDOM OF INFORMATION (SCOTLAND) ACT 2002

54. During 2009/10, 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. One of these requests was a follow-up to a previous request made to the University. 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 on requests to the IAS under the Act.

## INTERNAL AUDIT OPINION

### Basis of Opinion

55. IAS staff are required to conduct audit activity in accordance with the professional and ethical auditing standards set out in the following:

- Code of Ethics and International Standards 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).

56. 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 undertaken in prior years. In addition, the IAS Annual Assurance Plan reviews the corporate risks of the University against assurance coverage.
57. 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 2009/10 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 2009/10 specified in this report.
58. 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.
59. 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

60. In our opinion, the University of Strathclyde has adequate and effective arrangements for:
- Risk Management;
  - Control;
  - Governance;
  - Value for Money.
61. 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.

### CONCLUSION

62. The IAS **can** and **does** make a difference. From departments audited, to systems reviewed and advice given to the general University community. During the year, a wide range of audit work, as illustrated in this annual report, has been performed.

63. This was the sixth 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. The continued support given by the Convener to the department throughout 2009/10 is again very much appreciated.

John Basketter

Acting Head of Internal Audit Service  
25<sup>th</sup> August 2010

<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, Chief Financial Officer, Chief Operating Officer, Assistant Finance Director, Director of Estates Services, Director of Information Services, Director of Research and Knowledge Exchange, Director of Student Experience and Enhancement Services, Director of Corporate Services, Director of Human Resources, Director of Marketing and Development Services, Head of Purchasing, Head and Depute Head of Safety Services, fEC Accounting Manager, SBS Faculty Officer, Financial Systems Manager, Project Managers for review of Professional Services and review of Governance and Decision Making and the Deans;</li> <li>▪ The HIA has attended meetings in relation to the review of Professional Services, Governance and Decision Making, Head of Department Vision Workshop, Principal's monthly Heads of Department meetings, Procurement meetings, eProcurement Steering Group, Full Economic Costing Working Group EU subgroup meeting;</li> <li>▪ The HIA has attended part of the Executive Team meeting to present the final draft of the Risk Managements Framework to the Team;</li> <li>▪ The SIA and IA have attended e-Procurement Working Group meetings to provide audit related advice;</li> <li>▪ The SIA attended the Executive Team meeting to discuss the University's Corporate Risks;</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 2009/10;</li> <li>▪ The HIA and SIA met with the newly appointed External Auditors to the Students' Association in order to establish good communication channels between the two sets of Auditors;</li> <li>▪ The HIA continues to network with colleagues from a variety of Institutions (e.g. Edinburgh, Durham, Warwick, Newcastle, Imperial) via the Council of Higher Education Internal Auditors (CHEIA);</li> <li>▪ In July 2010, the Director of Audit, Risk and Assurance from Auckland University of Technology visited the IAS as part of a UK study tour. The Director's interest was undertaking an analysis of risk management models and how internal audit and risk management are integrated. During the visit, the Director met with the Head of Safety Services, the Convenor of Audit Committee, and Strategic Project Officer;</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 three years. There continues to be a good exchange of relevant documentation, of interest to all departments;</li> <li>▪ The IA attended the CHEIA Northern Regional Meeting in Newcastle in November 2009;</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 2009.</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**

- IAS has continued to undertake a number of informal training sessions within departments during the course of 2009/10;
- In April 2010, the HIA along with the Convenor of Audit Committee and the Secretary to Audit Committee provided training to the new member of Audit committee;
- IAS was represented at the New Staff Induction Seminars which took place in January and May 2010;
- IAS staff, in partnership with colleagues from Finance Office, presented the audit perspective on two staff development sessions in February 2010: Finance Office Essentials and understanding Budget Statements;
- IAS staff, in partnership with colleagues from Corporate Services and Ernst & Young helped facilitate the roll out of the new Risk Management Framework. The HIA and SIA attended two training sessions in March to provide the audit perspective to the process and to help answer any specific questions on the methodology;
- 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 Safety Services, Disability Services, Finance Office 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**

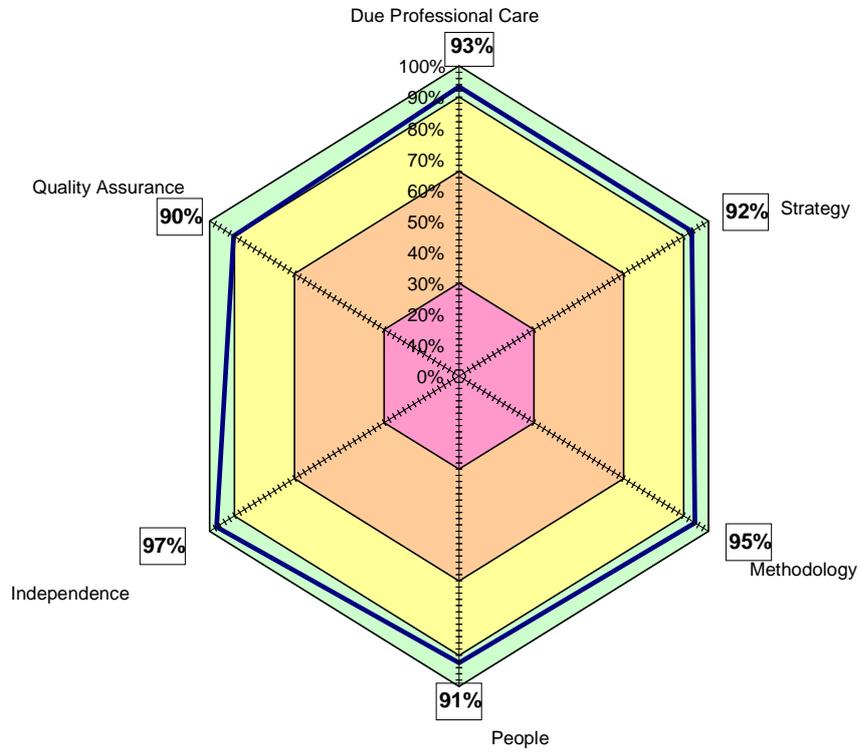
- In June 2010, IAS staff undertook their annual 'away day'. This allowed staff the opportunity to take a step back from the routine of auditing to help enhance our administrative and audit procedures further, as well as the chance to discuss trends and developments in audit;
- Training continued in-house 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 HIA attended two seminars run by Ernst and Young in October 2009. The first was entitled 'The Future of Risk' which looked at the role of the internal audit function within an organisations risk management framework. The second seminar was on the topic of Fraud prevention and detection which brought together Heads of Internal Audit/Assurance functions from a wide number of organisations across Scotland;
- The HIA and IA attended an internal briefing session in October 2009 with regards Good Practice in the Management of Decision Making;
- The HIA and IA attended an internal briefing session run by Corporate Services in January 2010 with regards the launch of the Strathclyde Project Management Methodology;
- The SIA attended an update course provided by CHEIA on IT Audit: Governance and Disaster Recovery at Edinburgh University in February 2010;
- All members of the IAS attended a training seminar in March 2010 provided by the University's Lawyers (MacRoberts) regarding Public Procurement;
- The SIA and IA attended an internal Sharepoint training course in April 2010;
- The HIA and SIA attended an update course provided by CHEIA on Fraud and Forensics at Newcastle University in April 2010;
- The SIA attended an update course provided by CHEIA on VFM Audit at Edinburgh University in June 2010;
- CIPFA continuing professional development work was undertaken by the HIA and SIA.

	Report Reference	Area of Review	Audit Opinion	Key Assurance Category / Summary of Identified Weakness Areas			
				Governance (Policy & Procedure)	Risk	Controls	VFM
1	222	VAT	Satisfactory	✓		✓	
2	230	Principal's Office (including Senior Officer Expenses)	Requires Improvement	✓		✓	✓
3	239	USSA Finance Function	Requires Improvement	✓		✓	✓
4	240	Library	Satisfactory	✓		✓	✓
5	241	Student Health Service	Requires Improvement	✓		✓	✓
6	242	Project Management	Requires Improvement	✓	✓	✓	
7	243	Computer & Information Science	Satisfactory	✓		✓	✓
8	244	University Expenses	Requires Improvement	✓		✓	✓
9	245	Hospitality & Tourism Management Expenditure	N/A	✓		✓	
10	246	USSA Executive Expenses	Satisfactory	✓		✓	✓
11	247	ERVS Scheme	Satisfactory	✓	✓	✓	✓
12	248	International Division	Requires Improvement	✓		✓	✓
13	AC Meetings 2009/10 Activity Reports	EDF Monitoring	Satisfactory	✓		✓	
14	AC Meetings 2009/10 Activity Reports	Overview of Strategic Projects	Satisfactory	✓			
15	AC Meetings 2009/10 Activity Reports	HR/Payroll System Implementation Update	Satisfactory			✓	
16	AC Meetings 2009/10 Activity Reports	E-Procurement System Implementation Update	Satisfactory			✓	
17	AC 09/09 Paper 4.6	Projects Summary Report	Satisfactory	✓		✓	
18	AC 11/09 Paper 5.2.2	IAS Response to E&Y Risk Assessment Report	Requires Improvement	✓	✓		
19	AC 11/09 Paper 5.2.3	Role of IAS in Risk Assessment	Satisfactory		✓		
20	AC 01/10 Paper 5	Risk Management Process	Satisfactory		✓		
21	AC 01/10 Paper 7	TRAC Key Risk Sign-Off	Satisfactory	✓		✓	
22	AC 04/10 Paper 9.2	Annual TRAC Return 2008/09 and Checklist of Key Risks	Satisfactory	✓		✓	
23	AC 04/10 Activity Report	TRAC T Return 2008/09	Satisfactory	✓		✓	
24	AC 04/10 Paper 10	Annual Follow Up Report	Satisfactory	✓		✓	✓
25	AC 06/10 Paper 7.1	Risk Management Process & Reporting	Satisfactory		✓		
26	AC Meeting 1 10/11	CUC Corporate Governance Checklist	Satisfactory	✓			
27	AC Meeting 1 10/11	Comparison of UK Corporate Governance Code with Combined Code	Satisfactory	✓			
28	EU Grant Certificates	EU Grant Certification – 17 Certificates issued.	Satisfactory			✓	

Area of Review	Audit Status	Reported to Audit Committee	Comments
<b>Corporate Governance</b>			
Governance Structure	Ongoing	All meetings during 2009/10	Continued monitoring in 2010/11.
Social Sciences Review	Ongoing	All meetings during 2009/10	Continued monitoring in 2010/11.
Professional Services Review	Ongoing	All meetings during 2009/10	Continued monitoring in 2010/11.
Decision Making Structures	Ongoing	All meetings during 2009/10	Included in 2010/11 Audit Plan.
ERVS Scheme	Complete	Meeting 1: 2010/11	
Strategic Planning	Deferred	-	Included in Audit Universe.
Performance Management	Deferred	-	Included in 2010/11 Audit Plan.
Collaborative Agreements	Deferred	-	Included in 2010/11 Audit Plan.
<b>Risk Management</b>			
Risk Management Training, Delivery & Consultancy	Complete	All meetings during 2009/10	
System Review – Process & Reporting	Complete	Meeting 5: June 2010	
<b>Controls – Financial Systems</b>			
HR/Payroll System	Ongoing	All meetings during 2009/10	Included in 2010/11 Audit Plan.
Transparency Review/fEC	Complete	Meeting 4: April 2010	
Review of USSA Finance Function, etc	Complete	Meeting 2: November 2010	
<b>Controls – IT Systems/Processes</b>			
Research Information Management System	Deferred	-	Included in Audit Universe.
Management of IT Audit Review (Outsourced)	Ongoing	All meetings during 2009/10	Included in 2010/11 Audit Plan.
<b>Controls – Operation Systems/Processes</b>			
Advanced Forming Research Centre	Deferred	-	Included in 2010/11 Audit Plan.
Computer & Information Science	Complete	Meeting 5: June 2010	
Project Management	Complete	Meeting 1: 2010/11	
International Division	Complete	Meeting 1: 2010/11	
Economics	Deferred	-	Included in 2010/11 Audit Plan.
Student Health Service	Complete	Meeting 1: 2010/11	
University Expenses	Complete	Meeting 1: 2010/11	
USSA Expenses	Complete	-	
Library	Complete	Meeting 3: January 2010	
Points Based System of Immigration	Deferred	-	Included in Audit Universe
<b>Capital Project Review</b>			
EDF Project Monitoring	Ongoing	All meetings during 2009/10	Included in 2010/11 Audit Plan.
Royal College Phase 3	Deferred	-	Included in Audit Universe.
<b>Value for Money</b>			
VFM Policy Framework	Complete	All meetings during 2009/10	
E-Procurement	Ongoing	All meetings during 2009/10	Continued monitoring in 2010/11.
Consultancy Services	Deferred	-	Included in Audit Universe.

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Area of Review	Audit Status	Reported to Audit Committee	Comments
<b>Other Audit Work</b>			
EU Grant Certification Work	Complete	All meetings during 2009/10	Included in 2010/11 Audit Plan.
Follow Up Audit Reviews	Complete	Meeting 4: April 2010	Included in 2010/11 Audit Plan.



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 Paragraph 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"/> (2/3 staff professionally 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 paragraph 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 2010)</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>100% (see 3.31)</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 5.1 – 5.9)</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. <b>Sector results awaited</b> (See 5.1 – 5.9)</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. <b>Sector results awaited</b> (See 5.1 – 5.9)</li> </ul>
Continuity	Staff to remain in post	<ul style="list-style-type: none"> <li>Professional staff to remain in post – HIA left in June 2010 – replacement identified for 2010/11</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) <b>Partial due to change in protocol mid year</b></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. <b>Sector results awaited</b> (See 5.1 – 5.9)</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"/> <b>In progress</b></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 2010 – <b>Partial (Internal Auditor only)</b></li> <li>Successful hosting/attendance at Regional CHEIA meetings <input checked="" type="checkbox"/></li> <li>Head of Internal Audit to contribute to CHEIA executive – <b>to be reconsidered when new HIA in post 2010/11</b></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"/> <b>Ongoing</b></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 <b>Ongoing</b></li> <li>Positive overall quality assurance assessment by CHEIA QA Peer review process <input checked="" type="checkbox"/> (See 5.1 – 5.9)</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 <b>Progressing via CHEIA's international connections. Visit from Chief Internal Auditor from Auckland University of Technology.</b></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 Chief Financial Officer and Chief Operating Officer) <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 <b>Partial - due to change in Assurance Plan workload during year</b>
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>