

Internal Audit

The Educational Quality Committee is asked to review 3 papers from the Director of Internal Audit. Under the Terms of Reference for the EQC, Internal Audit has a role to play in providing assurance to Senate on the adequacy and effectiveness of controls established to provide oversight over specific aspects of the framework and operation of academic regulation, policy and practices concerning the quality and standards of City

Specifically:

(v) Undertaking scrutiny and advising Senate of outcomes from and the effectiveness of academic quality processes, including:

- Programme approval, amendment, termination
- External examining
- Annual Programme Evaluation
- Periodic Review
- PSRB and accreditation events
- Audits of academic processes that impact on the quality and standards framework

Recommended action

Educational Quality Committee is asked to:

- (i) **Consider** the 2018/19 Internal Audit plan and highlight any areas that EQC would like to receive the reports on (**Appendix 1**)
- (ii) **Approve** the proposed academic areas for inclusion in the 2018/19 Internal Audit plan (whilst considering previous reviews undertaken) (**Appendix 2**)
- (iii) **Note** the presentation providing a summary of the role of Internal Audit in academic assurance processes. (**Appendix 3**)



Internal Audit Plan 2018/19

Steve Stanbury

Director of Internal Audit

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1. INTRODUCTION

1.1 Purpose of the Internal Audit Plan

This internal audit plan covers the period 1 August 2018 to 31 July 2019. The approach and methodology in developing this plan is broadly similar to previous years and is designed to provide an independent opinion on the organisation's risk management, control and governance to support the preparation of the Statement of Internal Control.

There are many mechanisms within an organisation that can help to provide information on how well performance and the associated risks to delivery are being managed. An assurance framework is a good mechanism for managing this in a structured, visible format, ensuring that the disparate assurance mechanisms are harnessed and focused to provide the best results in a proportionate and effective manner.

Assurance can come from many sources within an organisation. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model (See Appendix 6).

First line

Within the 'front-line' or business operational areas, there will be many arrangements established that can be used to derive assurance on how well objectives are being met and risks managed; for example, good policy and performance data, monitoring statistics, risk registers, reports on the routine system controls and other management information.

Nature of assurance - This comes direct from those responsible for delivering specific objectives or operation; it provides assurance that performance is monitored, risks identified and addressed and objectives are being achieved. This type of assurance may lack independence and objectivity, but its value is that it comes from those who know the business, culture and day-to-day challenges.

Second line

This work is associated with oversight of management activity. It is separate from those responsible for delivery, but not independent of the organisation's management chain. This could typically include compliance assessments or reviews carried out to determine that policy or quality arrangements are being met in line with expectations for specific areas of risk across the organisation; for example, purchase to pay systems, health and safety, information assurance, security and the delivery of key strategic objectives.

Nature of assurance - The assurance provides valuable management insight into how well work is being carried out in line with set expectations and policy or regulatory considerations. It will be distinct from and more objective than first line assurance.

Third line

This relates to independent and more objective assurance and focuses on the role of internal audit, which carries out a programme of work specifically designed to provide the Accounting Officer with an independent and objective opinion on the framework of



governance, risk management and control. Internal audit will place reliance upon assurance mechanisms in the first and second lines of defence, where possible, to enable it to direct its resources most effectively, on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements. It may also take assurance from other independent assurance providers operating in the third line, such as External Audit and those provided by independent regulators (UKVI, OIA, OFS, Professional Statutory and Regulatory Body PSRBs).

Nature of assurance - Independent of the first and second lines of defence. Internal audit and external audit operates to professional and ethical standards in carrying out its work, independent of the management line and associated responsibilities.

1.2 Roles and Responsibilities

The Internal Audit Plan supports the Director of Internal Audit in delivering the internal audit annual report, which must relate to the financial year and include any significant issues, up to the date of preparing the report, which affect the opinion. This annual report will be addressed to the governing body and the accountable officer and should be considered by the Audit and Risk committee prior to submission. The Audit and Risk committee may forward the report to the governing body with its own report. The report must be submitted to the OfS after it has been considered by the HEI's audit committee.

As indicated above, one of the roles of internal audit is to provide an independent and objective opinion to the President on risk management, control, VFM and governance. The opinion given by the Director of Internal Audit is a key element of the framework of assurance which the President needs to inform the completion of the annual Statement of Internal Control (SIC).

The opinion can, however, only be reasonable in the sense that no opinion or assurance can ever be absolute and is by definition an extrapolation of the evidence available. It is important to note that in practice the scope of the audit opinion may be constrained by factors such as the scope of audit access.

The Director of Internal Audit's opinion does not supersede the President's personal responsibility for risk, control and governance and as long as internal audit work is demonstrably conducted in accordance with the Standards on Due Professional Care there can be no question of internal auditors being responsible for control failures.

Internal Audit Resources

The IIA Standard (2030) states that the chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. The delivery of the 2018/19 Internal Audit Plan is based upon a staffing structure of a Director and two Senior Internal Auditors being in place from the 1st August 2018 through to the 31st July 2019.



2. INTERNAL AUDIT COVERAGE

The Internal Audit Plan for 2018/19 continues to evolve and build upon the original Audit Risk Assessment updated in April 2018. With the launch of City's new Strategic Plan; the internal audit plan will incorporate review of the key risk areas identified in the new Strategic Plan.

The Internal Audit Plan (Appendix 2) outlines assurance that Internal Audit will provide over the follow aspects of City:

- Core Assurance – Assurance over 'Business As Usual' systems;
- Strategic Risk – As driven by risks identified in the strategic plan and PIs;
- Value For Money – Considering economy, efficiency and effectiveness;
- Risk Management – Part of the required core opinion; and
- Corporate Governance – Part of the required core opinion.

2.1 Internal Audit Core Assurance

2.1.1 Identifying Internal Audit Core Assurance Coverage

The consideration of core assurance, Business As Usual (BAU) systems is based upon the updated Internal Audit Risk Assessment (See Appendix 1). The subsequent audit universe has been updated and is included in Appendix 1 together with details of the audit coverage over the past three years.

2.2 Strategic Assurance

The University has launched its new current strategic plan, which takes the University to 2026. The Internal Audit plan for 2018/19 will look to provide assurance over areas of strategic importance as indicated by the PIs (See Appendix 3).

2.3 Internal Audit Responsive Planning

2.3.1 Internal Audit Flexibility

The Internal Audit Plan has continued to adopt a flexible approach to enable the Director of Internal Audit and the Audit and Risk Committee to undertake and request specific assurance audits and investigations. This flexibility enables the Internal Audit team to react to a changing internal or external environment and provide the necessary assurance to the Audit and Risk Committee in a timely manner.

2.2.2 Internal Audit Consultancy

In a fast-moving environment, the emerging activities of an organisation may prove to be the source of the organisation's greatest risks. Those activities will be the ones taxing the minds of senior management, who may wish to take advantage of the consulting service offered by internal audit to help make the organisation succeed. Similarly, in carrying out the



assurance-generating strand of their role, internal audit can help by providing a diagnosis of these issues and advising management on solutions for the affected areas.

Conclusions from consultancy work will be reported to relevant staff and lead client, with the Audit and Risk Committee receiving a summary of activity undertaken. Conclusions/recommendations from consultancy work will be reported to the Audit and Risk Committee if they reflect a material control risk or weakness in the view of the Director of Internal Audit.

It is also important that consultancy services are offered to **support management** in their work, not to be a **substitute for management's** own efforts to address the issue in question. The consultancy role should offer management participative advice and support in their activities.

Within the 2018/19 Internal Audit Plan, I have made provision for Internal Audit Consultancy work.

2.4 Risk Management Framework

The risk analysis set out on the Strategic Risk Register belongs to management, and in particular to the President; they, not internal audit, are accountable for the economy, efficiency and effectiveness of risk management, control and executive governance. However, it is therefore essential that the internal audit plan links into management's risk priorities, as well as internal audits analysis of risk (See Appendix 5 for Risk Register Headlines).

2.5 Data Assurance

The OfS will use parts of the annual accountability return to inform its judgement about a provider's management and governance arrangements. Notably the Annual report of the audit committee which gives an opinion on the adequacy and effectiveness of arrangements for Risk management, control and governance; Economy, efficiency and effectiveness (value for money) and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, the OfS, Research England and other bodies.

In order to support the Audit and Risk Committee, my overall opinion will be informed by my opinion on the management control and quality assurance of data provided to the OfS, HESA and other public bodies, as set out in the Data Quality Framework presented in the Annual Report to the Audit and Risk Committee.

2.6 Reporting

2.6.1 Audit Reports

Internal Audit reports will continue to be produced in the agreed format. This will include:

- An executive summary explaining the context of the audit, summarising all conclusions and highlighting key issues arising.



- Detailed recommendations supported by a rationale together with management response, responsibility and agreed deadlines for implementation.
- Timing of audit follow up work where appropriate.



APPENDIX 1: INHERENT RISK ASSESSMENT AND COVERAGE – UPDATED IN APRIL 2018 (CHANGES HIGHLIGHTED IN RED)

AREA	Total (L x I)	Risk Significance	Audit Coverage					
			2015.16	2016.17	2017.18	2018.19	2019.20	2020.21
Property Operations	238	High	Follow Up	Deferred	Substantial	Yes	Yes	Yes
Capital Projects	210	High	Substantial	Substantial	TBC	Yes	Yes	Yes
Information Technology	210	High	Sub/Limited	Substantial	TBC	Yes	Yes	Yes
Admissions	195	High	Substantial			Yes		Yes
UK Visa and Immigration (UKVI) Compliance	192 (204)	High	Substantial	Limited	TBC	Yes	Yes	Yes
Procurement	182	High	Substantial		Substantial		Yes	
Budget Management	170 (180)	High	Substantial			Yes		Yes
Forecasting and Planning	168	High	Substantial	Full		Yes		
Health and Safety	168	High	Follow Up		Limited		Yes	
Student Records	168	High	Substantial			Yes		Yes
Income Management	160	High	Substantial	Substantial	Limited		Yes	
Strategic Planning	154	High	Substantial			Yes		
HESA and HESES Data Returns *	154 (143)	High	Substantial	Substantial	Full	Yes	Yes	
Business Continuity Planning	140 (154)	High	Limited	Follow Up	Substantial		Yes	
Organisational Performance Management	140	Medium	Substantial			Yes		Yes
Student voice – representation, NSS, Your Voice, PRES, PTES	135 (126)	Medium		Substantial		Yes		Yes
Payroll	135	Medium		Substantial			Yes	
Research Grants and Contracts	135	Medium		Substantial	Substantial		Yes	



AREA	Total (L x I)	Risk Significance	Audit Coverage					
			2015.16	2016.17	2017.18	2018.19	2019.20	2020.21
Website and Social Media	132	Medium	Substantial			Yes		
Treasury Management	130	Medium	Substantial		Substantial			Yes
Timetabling	126	Medium	Substantial			Yes		
Student Services (support – personal tutoring)	121	Medium					Yes	
International Recruitment	121	Medium		Substantial		Yes		
Staff Recruitment	120	Medium					Yes	
Catering and Cleaning Contract Management	120	Medium	Substantial				Yes	
Programme Development, Approval and Amendment	120	Medium			Full			Yes
Examinations and Assessment Regulations	117	Medium				Yes		
Development and Alumni Relations	112	Medium			Limited		Yes	
UG and PG Recruitment (Marketing)	110	Medium		Substantial				
Annual Programme Evaluations and Periodic Review	108	Medium		Substantial			Yes	
Security	108	Medium		Full			Yes	
Widening Participation	108	Medium	Substantial					
Enterprise	105 (91)	Medium (Low)		Limited	TBC		Yes	
Programmes and Partnerships	104	Medium		Substantial			Yes	
Equality and Diversity	100	Medium			Limited			Yes
Oversight of accreditation and professional body visits	100	Medium		Substantial				Yes
Prevent Duty	99	Low				Yes		



AREA	Total (L x I)	Risk Significance	Audit Coverage					
			2015.16	2016.17	2017.18	2018.19	2019.20	2020.21
Students' Union	99	Low	Substantial				Yes	
<i>Phd Supervision and research degrees</i>	96	Low			TBC			
<i>Academic Governance Committee and Delegation Structure</i>	90	Low			TBC			Yes
<i>External Examining appointments and reporting</i>	90	Low	Substantial				Yes	
Placements and Internships	90	Low			TBC			
Uni-temps	84	Low					Yes	
Energy and Environmental	81	Low			Substantial			
Student Development (Mentoring and Buddy Scheme)	80	Low						Yes
Careers	72	Low						
Student appeals, complaints and discipline	72 (56)	Low				Yes		
Training and Development	66	Low					Yes	
Communications and Events	56	Low		Substantial				Yes

Likelihood Factors

1. Management concerns
2. Transaction stream risk
3. Devolution of responsibility
4. Complexity of system
5. Amount of resources allocated
6. Size of income and expenditure streams
7. Stability

Impact Factors

8. Statutory Breach
9. Impact on Other Systems
10. Impact on Service
11. Financial loss
12. Impact on Public Profile

Areas in Bold italics identify audits covering the Quality Manual (Academic Quality and Standards)

* Forms a core part of the data opinion

APPENDIX 2: 2018/19 INTERNAL AUDIT PLAN

Core Assurance					
Risk Register	PIs (Appendix 3)	ARA	Audit Area (ARA Rating)	UET Audit Sponsor/Key Contact	Days
17, 18	U	High	Information Technology (1-2 audits by BDO LLP)	Professor Verrall/Claire Priestly	10
17, 18	U	High	Information Technology (by in-house team)	Professor Verrall/Claire Priestly	40
9, 10	11, 12	High	Budget Management	Liz Rylatt/Marion O'Hara	15
9, 10	10, 11, 12	High	Forecasting and Planning	Liz Rylatt/Marion O'Hara	10
16	U, 11	High	Capital Projects	Liz Rylatt/Kevin Gibbons	10
16	U, 12	High	Property Operations	Liz Rylatt/Kevin Gibbons	15
14, 19	U	High	UKVI Compliance	Professor Bolton/Susannah Marsden	15
2	1	High	Admissions	Professor Bolton/Susannah Marsden	10
2, 10, 16	10	Medium	Strategic Planning	Professor Verrall/Rebecca Sudworth	10
14, 17	-	Medium	Student Records	Professor Bolton/Susannah Marsden	15
All	All	Medium	Organisational Performance Management	Professor Verrall/Rebecca Sudworth	15
13	8	Medium	Website and Social Media	Professor Sir Paul Curran/Tim Longden	10
1, 16	-	Medium	Timetabling	Liz Rylatt/Kevin Gibbons	15
4	8, 10	Medium	International Student Recruitment	Tim Longden/Kate Timms	15
15	8	Low	Prevent	Professor Bolton/Susannah Marsden	10
3	E, U	Low	Student appeals, complaints and discipline	Professor Bolton/Susannah Marsden	10
TOTAL DAYS FOR CORE ASSURANCE					225
Academic Processes					
1, 2	U	Medium	Examinations and Assessment Regulations	Professor Bolton/	15
1	U, 2	Medium	Student Voice	Professor Bolton/Alison Edridge	15
TOTAL DAYS FOR ACADEMIC PROCESSES					30
Strategic PI Reviews					
Risk Register	PIs	Audit Area		UET Audit Sponsor/Key Contact	Days
2	P	Progression		Professor Bolton	15
3	E	Student Satisfaction		Professor Bolton	15

		OfS Compliance		Professor Bolton	25
TOTAL DAYS FOR STRATEGIC REVIEWS					55
Risk Register	PIs	Value For Money			
	-	-	VFM Mapping	Professor Verrall	5
	-	-	VFM Strategy Validation	Professor Verrall	5
TOTAL DAYS FOR VFM					10
Risk Register	PIs	Risk Management			
N/A	N/A	High	Risk Review	Professor Verrall	15
TOTAL DAYS FOR RISK MANAGEMENT					15
Risk Register	PIs	Corporate Governance			
	13, 15	N/A	Corporate and Executive Governance - TBC	Professor Sir Paul Curran and Dr Jordan	10
TOTAL DAYS FOR CORPORATE GOVERNANCE					10
	PIs	Data Quality Framework			
-	-	Data Quality Framework assessment		-	5
-	-	OfS Data Return - TBC		TBC	15
TOTAL DAYS FOR DATA OPINION					20
		Other Ad-Hoc Work			
	FP7/H2020 Grant Claims			-	15
	Follow up			-	20
	Advisory Work for the ET/ExCo members			-	40
	ARC By Request			-	30
	Audit Planning and Scoping			-	30
	Anti-fraud work			-	20
	Audit Management <ul style="list-style-type: none"> • ARC papers and meetings with Chair • Meetings with Senior Management (President VPs CFO, CIO, College Secretary and Deans) • Senior Finance Team/Fraud Risk Group/other Boards • Internal Audit Plan development and annual planning 			-	20
	Research (audit prep and planning)			-	45
TOTAL DAYS FOR OTHER AD HOC WORK					220
*TOTAL DAYS FOR 2018/19					585

Upon approval of the 2018/19 Internal Audit Annual Plan, a timetable for all audits throughout the year will be agreed with the audit sponsor. The timetable will set out for each individual audit: start date, end date, date for issue of draft report and date for receiving management responses.

APPENDIX 3: INSTITUTIONAL PERFORMANCE INDICATORS

The four Academic Output KPIs set out in V&S26 are referenced in Appendix 2 as follows:

(E) - Employability (top 20 in the *Times* and *Sunday Times* University League Table)

(P) - Progression (90% average across all undergraduate programmes)

(U) - Undergraduate satisfaction (top 20% in UK, consistently best NSS in London)

(R) - Research intensity (at least 60% of academics producing 3*/4*)

IA Plan Reference	Proposed Institutional PI (draft 2021 target)	Rationale	School/ Service	Discipline
1	Undergraduate tariff >380 (>150 current estimated equivalent under new tariff regime)	Provides a key measure of <i>quality constrained</i> growth. New tariff regime equivalent calculated on the basis of reduced points and reduced weighting, in particular for AS-level. Links to Education & Student Strategy.	✓	✓
2	Postgraduate Taught Experience Survey (top 40% of UK participating institutions)	Reflects City's large PGT student population (in relative and absolute terms). In addition, it will maintain links between City's performance management framework and the possible future direction of the TEF. Top 40% target emphasises link to the initial NSS target. Links to Education & Student Strategy.	✓	✓
3	Proportion of total academic staff producing 4* outputs (18%)	This PI sits alongside the 3*/4* Academic Output KPI and will also be derived from the ARQM. Could be derived at discipline level but working assumption is that it will be reported at institution and School level. Links to Research & Enterprise Strategy.	✓	X
4	PhD completions within four years (100%)	This PI will directly address City's under performance on PhD completions and thereby contribute positively to our research environment, including in terms of REF measures. Need to determine whether and how this can be reliably calculated. Links to Research & Enterprise Strategy and Education & Student Strategy).	✓	X
5	Index of citations (<i>THE</i> index > 80)	Provides a vital (lead) indicator of research impact and is an important factor in terms of research reputation. Links to	X	X

IA Plan Reference	Proposed Institutional PI (draft 2021 target)	Rationale	School/ Service	Discipline
		Research & Enterprise Strategy.		
6	RGC income (> £15M)	Has modest financial impact on the institution (~6% of annual income by 2021) but its growth is a key component of, and enabler for, creating a vibrant research environment despite the challenges following the EU referendum. Links to Research & Enterprise Strategy.	✓	✓
7	Enterprise income (~£16M). To be reconciled against the target for tuition fee income.	This PI is proposed based on the broader HEBCIS definition rather than the narrower enterprise income used for PI in the <i>Strategic Plan 2012 to 2016</i> . It will be provided through the budget process and financial reporting. Provisional 2021 target suggested on the basis of returning CPD, as the major financial component of HEBCIS, to its recent historic level of £9-10M. Links to Research & Enterprise Strategy.	✓	✓
8	International (global) outlook and profile	To be developed under the auspices of the International Committee during 2017. Enhancing City's global visibility and profile are key aims of the Internationalisation Strategy. In terms of external benchmarking, academic reputation and employer reputation are components within the QS World University Rankings and teaching and research reputation are separate components of the <i>THE</i> World University Rankings. Other <i>THE</i> components measure international outlook via quantitative measures e.g. ratio international: home students. Links to Internationalisation Strategy.	X	X
9	International (global) engagement and partnerships	To be developed under the auspices of the International Committee during 2017. The descriptor for this PI is likely to emphasise partnerships that are strategic (e.g. cross-institutional, multi-functional) and add value to the strategic objectives of V&S26 (e.g. enhance the quality of research and education in line	X	X

IA Plan Reference	Proposed Institutional PI (draft 2021 target)	Rationale	School/ Service	Discipline
		with the Academic Output KPIs and other institutional PIs). Links to Internationalisation Strategy.		
10	Tuition fee income growth (~£210M net of fee waivers by 2020/21). To be reconciled against the target for enterprise income.	Deliberations to date around this PI have included consideration of whether to include student numbers. Student numbers are an integral part of the School Strategic Plans and the strategic and financial planning model – for that reason the headline tuition fee income has been recommended.	✓	X
11	Liquidity (45 days cash)	This PI will ensure City's financial viability and its ability to meet future borrowing covenants as a result of the Financial & Investment Plan.	X	X
12	Pre-investment surplus (8%) and/or post-investment surplus (3%)	This PI will, in particular, enable City to fund its Financial & Investment Plan, including the £60M borrowing.	X	X
13	Increasing the representation of women in senior roles: The proportion (of base population) of academic Professorial staff will be ~30% female by 2020/21. The proportion (of base population) of Grade 9 Professional Services staff will be (~50% female by 2020/21)	Directly supports the value of Equality & Diversity. Supports City's Athena SWAN application.	✓	✓
14	Increasing the representation of women on executive/ institutional committees. As a matter of principle we expect diverse membership on our executive/institutional committees (with a minimum of 30% females and 30% males on each)	Directly supports the value of Equality & Diversity. Supports City's Athena SWAN application.	✓	✓
15	Staff engagement – staff survey % agree (> 60%)	Cements the 'people' theme underlying the development of V&S26. We considered using staff turnover for this PI but decided against doing so on the grounds that it captures too wide a range of	✓	X

IA Plan Reference	Proposed Institutional PI (draft 2021 target)	Rationale	School/Service	Discipline
		personal motivations (ranging from disenchantment generally to positive career progression moves) and wider labour market conditions. Links to People Strategy.		

APPENDIX 4: INITIAL PROPOSED SCOPES

AUDIT AREAS	SCOPE	Proposed Timing	Scoping Meeting	UET Agreed
Information Technology	TBC		Claire Priestley	Professor Verrall
Strategic Reviews	<p>For 2018/19, the internal audit plan will include days to address areas of specific strategic importance. Following discussion with ET the following activities were identified:</p> <ul style="list-style-type: none"> ➤ Progression ➤ Employability ➤ OfS Compliance 	<p>September 2018</p> <p>September 2018</p> <p>January 2019</p>	TBC	TBC
Strategic Planning	<p>Strategy development</p> <ul style="list-style-type: none"> • Alignment of objectives to vision; • Development of PI's and KPIs; • Review of PI and KPI Assumptions; and <p>Strategy mobilisation:</p> <ul style="list-style-type: none"> • Governance framework; • Resource management; and • Management of work streams. 	October 2018	Rebecca Sudworth	Professor Verrall
Forecasting and Planning	<ul style="list-style-type: none"> • Identification of key data drivers; • Projections and targets; • Risk analysis and scenario planning ; and • Measuring performance and progress. 	October 2018	Marion O'Hara	Liz Rylatt
Timetabling	<ul style="list-style-type: none"> • Data collection (programmes, student numbers, modules); • Assessment of space requirements (IT, class size and space); • Scheduling (across the programme); • Changes and cancellations; • Publication and communication; and • Space audits. 	November 2018	Kevin Gibbons and Hannah Evans	Liz Rylatt
HEFCE/HESA Data Return – TBC	<ul style="list-style-type: none"> • Roles and responsibilities; • Identification of requirements and data sources; • Data integrity and validation; and • Assessment of data interdependency. 	November 2018	TBC	TBC
Organisational Performance Management	<ul style="list-style-type: none"> • Setting institutional performance targets; • Development of departmental, school and individual performance targets; • Monitoring and reporting of performance; and • Adjustments and corrections to operational performance. 	December 2018	Rebecca Sudworth	Professor Verrall

AUDIT AREAS	SCOPE	Proposed Timing	Scoping Meeting	UET Agreed
International Student Recruitment	<ul style="list-style-type: none"> • Market intelligence and targeting; • Resource planning; • Monitoring of applications and offers; • Conversion rates; • Application processing and decision making; and • Managing candidates (i.e. rejections and alternative offers). 	January 2019	Tim Longden and Kate Timms	Professor Bolton
Prevent Duty	<ul style="list-style-type: none"> • Prevent risk assessment and action plan; • Annual reporting; • Management of prevent duty responsibilities: <ul style="list-style-type: none"> • Prevent coordinator; • Staff training; • External speakers and events; • The operation of welfare policies; • IT policies; and • Student Unions. 	January 2019	Susannah Marsden and Yewande Akindele	Professor Bolton
Term 2				
Student Records Management	<ul style="list-style-type: none"> • Student registration (enrolment); • Amendments to the student records system; • Maintenance of academic data; • Access to student records; • Data security; and • Data retention. 	February 2019	James Birkett and Emma Boylan	Professor Bolton
Student appeals, complaints and discipline	<ul style="list-style-type: none"> • Stage 1 Appeals Process; • Stage 2 Appeals Process; and • Referral to the Office of the Independent Adjudicator. 	February 2019	Megan Gerrie and Shereen Sally	Professor Bolton
UG and PG Admissions	<ul style="list-style-type: none"> • Student number forecasting; • Monitoring of applications and offers; • School conversion of applications to Unconditional Firm status; and • Reporting and confirmation of student number status. 	March 2019	James Birkett	Professor Bolton
Property Operations	<ul style="list-style-type: none"> • Responsive repairs; • Planned maintenance programme; • Budget monitoring and reporting; and • Performance monitoring against plans. 	May 2019	Kevin Gibbons and Dean Beedon	Liz Rylatt
Student Voice	<ul style="list-style-type: none"> • Undertaking survey; • Analysis and feedback; • Development of action plans (University and School level); and • Monitoring and correction of action plans. <p>The audit will review the following:</p> <ul style="list-style-type: none"> • Module Evaluation; • National Student Survey; 	March 2019	Susannah Marsden	Professor Bolton

AUDIT AREAS	SCOPE	Proposed Timing	Scoping Meeting	UET Agreed
	<ul style="list-style-type: none"> Your Voice 1 and 2; Postgraduate Taught Experience Survey; and Postgraduate Research Experience Survey (PRES). 			
Budget Management	<ul style="list-style-type: none"> Budget Compilation; Budget approval and notification; Delegated responsibility; Budget monitoring; Mid-year forecasting; and Management information. 	April 2019	Marion O'Hara	Liz Rylatt
Website and Social Media	<ul style="list-style-type: none"> Governance and Responsibilities; Risk Assessment – Have the risks associated with social media been identified and evaluated? Brand Protection – How is the Institution's brand protected from negative publicity and reputation damage? This would include an assessment of: <ul style="list-style-type: none"> Management and security of corporate social media accounts Standards and guidance on corporate and personal social media use Monitoring of relevant social media content Incident management including branding enforcement Website Content – How is publishing on the University's own web pages controlled? 	April 2019	Tim Longden	Professor Sir Paul Curran
Term 3				
UKVI Compliance	<ul style="list-style-type: none"> Assessment of language ability; Issuing of CAS; Enrolment and registration; Attendance monitoring; VISA and Passport records; Notice to Withdrawal; and Changes in circumstances. 	May 2019	James Birkett and Jelena Culum	Professor Bolton
Careers	<ul style="list-style-type: none"> Events; Consultations and guidance; Provision of resources; and City opportunities 	May 2019	Susannah Marsden and Brendon Bacon	Professor Bolton
Capital Projects (Sebastian Street)	<ul style="list-style-type: none"> Major Works Strategy; Project Set up and Approval; Tendering; Contract Document (Incl. Insurance); Project Monitoring; and Change control. 	June 2019	Kevin Gibbons	Liz Rylatt

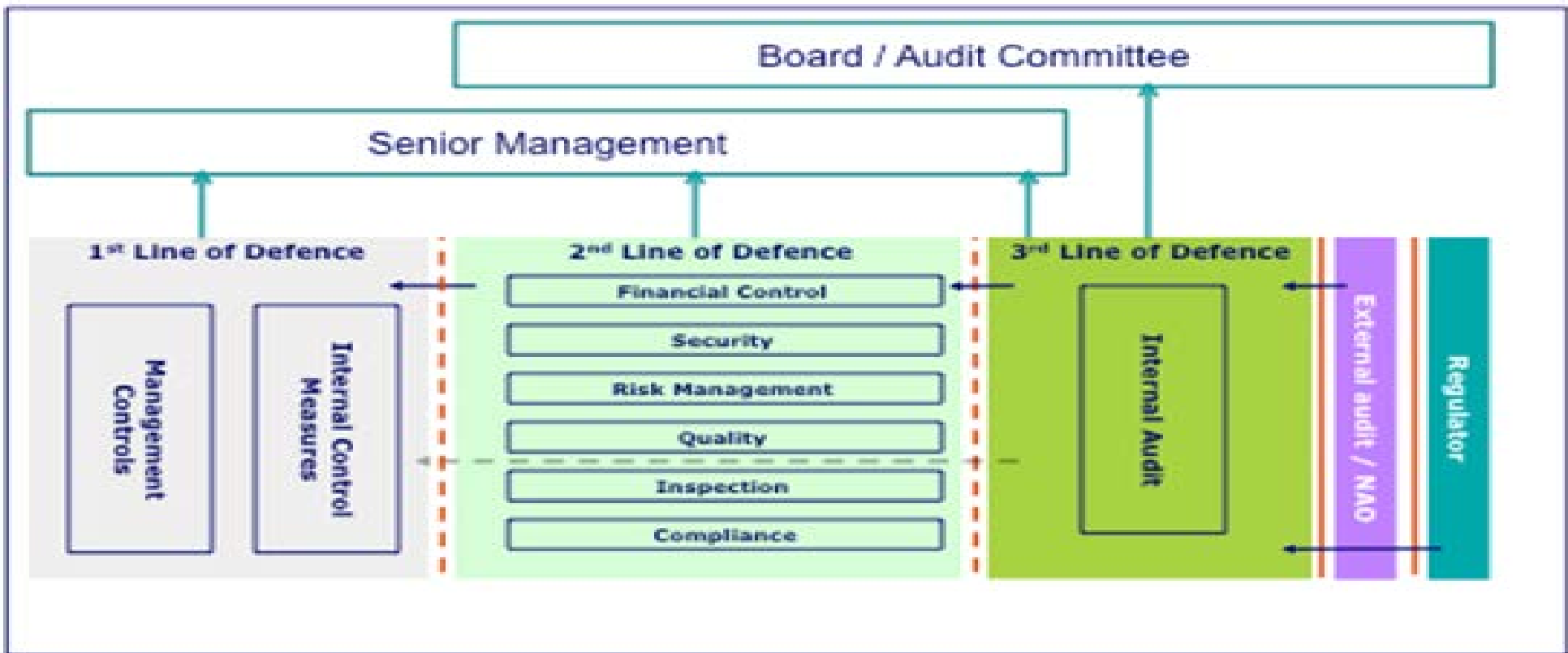
AUDIT AREAS	SCOPE	Proposed Timing	Scoping Meeting	UET Agreed
	Indicative scope will be flexed dependent upon the project progress.			
Examinations and Assessment Regulations	<p>Examinations</p> <ul style="list-style-type: none"> • Control of papers; and • Invigilation. <p>Assessment Boards</p> <ul style="list-style-type: none"> • Structure and composition; • Meeting preparation and execution; • Internal and external examiner input; • Record and disclosure of assessment results; and • Extenuating circumstances 	June 2019	Susannah Marsden and Alison Edridge	Professor Bolton
Data Quality Framework Assessment	Completion of the data quality framework annual assessment.	June 2019	n/a	n/a
Risk Review	<p>The audit approach for the risk review was to provide assurance over the following:</p> <ul style="list-style-type: none"> • A confirmation of the existence of the controls identified in the risk register; • Identification of controls in existence not identified in the risk register; • Where necessary the action or process identified detailed in the controls description will be clarified to facilitate audit testing; and • Testing will be conducted to determine if controls identified are operating as intended (effective). <p>In addition, attention will be given to the:</p> <ul style="list-style-type: none"> • Assessment of the inherent risk rating applied; • Further control improvements considered, and the plans in place to input proposed control improvements; • Risk evaluation and assessment of the residual risk appropriateness; and • Destination risk score. 	July 2019	Mark Brace	Professor Verrall
VFM Mapping	The objective of the value for money mapping is to identify where VFM assurance can be supported by the internal audit programme.	July 2019	TBA	
VFM Strategy Validation	The audit will review and evaluate the progress made by the University in delivering against the various components of the VFM matrix.	July 2019	Suri Araniyasundaran and Marion O'Hara	Liz Rylatt

AUDIT AREAS	SCOPE	Proposed Timing	Scoping Meeting	UET Agreed
Corporate Governance	<ul style="list-style-type: none"> TBC 	TBC	TBC	Dr Jordan and Professor Sir Paul Curran
Follow Up Audit	<ul style="list-style-type: none"> An audit will be completed, to ascertain whether previously raised audit recommendations have been implemented effectively, for all systems audited. 	n/a	n/a	n/a
Proactive Anti-fraud work	<ul style="list-style-type: none"> Awareness presentations; Workshops; and Pro-active audit in areas identified as part of the Fraud Risk Assessment. 	n/a	n/a	n/a

APPENDIX 5: RISK REGISTER MAPPING

Risk Register - Oct 2017		Post-Control RAG rating			Risk Owner
		Jun '17 Nov '16			
Students – decrease in quality and number, educational outcomes					
1	The risk that City's student satisfaction relative to the sector has an adverse impact on student recruitment, reputation and income	↑ 16	12	12	Deputy President and Provost
2	The risk that the quality and number of students applying and being accepted does not meet plans and that progression and completion for existing students fails to improve significantly	21	21	21	Deputy President and Provost
3	The risk that City's graduates do not achieve employment in graduate jobs in sufficient number through e.g. lack of placements and poor preparation for interview	↑ 14	8	8	VP Equality, Strategy & Planning
4	The risk that our international student growth targets are not achieved	21	21	21	Director of Marketing & Communications
Staff – decrease in quality, research and educational indicators					
5	The risk that performance management of academic staff does not reward excellence and decisively address under performance	14	14	14	Director of HR
6	The risk that City is perceived as unsupportive towards equality and diversity issues resulting in lower student satisfaction; more difficult staff recruitment; reduced staff satisfaction, potential legal action	8	↑ 8	6	Chair of Equality Committee
7	The risk that the need for significant and rapid change results in lowered staff motivation	12	12	12	Director of HR
8	The risk that Brexit adversely affects EU staff retention and recruitment	28	28	-	Director of HR
Financial unsustainability including control of expenditure					
9	The risk that City does not generate sufficient recurrent surpluses by maximising income and controlling expenditure in order to be financially sustainable and enable future investment.	4	4	4	Director of Finance
10	The risk that the planned growth in income from research grants and contracts is not achieved	12	↑12	8	VP Research & Enterprise
Research and general reputational decrease					
11	The risk that the university fails to prepare itself properly for the next REF, against its ambitious research Academic Output KPI, negatively impacting reputation and funding	14	14	14	VP Research & Enterprise
12	The risk that the number and quality of research students is not achieved	12	↑12	8	VP Research & Enterprise
13	The risk that we fail to communicate key messages effectively, particularly around the strengthening of City's brand and that City's improved research reputation is not widely recognised	14	↑14	8	Director of Marketing & Communications
Events - the risk that poor institutional governance have a deleterious effect on our institutional outcomes					
14	The risk that a failure to monitor and manage compliance procedures (including UKVI, QAA and accreditations) result in an inability to operate or damaged reputation	22	22	22	Deputy President and Provost
15	The risk that a failure to implement and comply with the Prevent Statutory Duty to ensure students are not drawn into terrorism, will result in reputational damage	8	8	8	VP Research & Enterprise
16	The risk that our inability to fully implement the Estates Strategy, and/or to provide an appropriate level of service to operate, maintain and sustain the required quality adversely impact students and staff	↓ 8	12	12	Director of Finance / Dir. of Property & Facilities
Catastrophe - The risk that a catastrophic event has a major impact on our ability to continue to operate					
17	The risk that ineffective structures, policies and procedures regarding information governance lead to a loss or improper disclosure of sensitive information, resulting in damaged reputation or significant financial, regulatory or legal impact	14	↑14	8	Director of IT
18	The risk that loss of information technology infrastructure prevents access to business and academically critical systems	↑ 12	↑ 8	6	Director of IT
19	The risk of a major failure or breach of health and safety legislation or policy, which is likely to give rise to injury, enforcement action, prosecution or reputational loss	21	21	21	Director of HR

Three lines of defence model





APPENDIX 2: INHERENT RISK ASSESSMENT – UPDATED IN APRIL 2018 (CHANGES HIGHLIGHTED IN RED)

AREA	Likelihood								Impact					Total (L x I)	Risk Significance	
	1	2	3	4	5	6	7	Score	8	9	10	11	12			Score
Property Operations	M	M	M	H	H	H	M	17	H	M	H	H	H	14	238	High
Information Technology	L	M	M	H	H	M	M	15	H	H	H	H	M	14	210	High
Capital Projects	L	M	M	M	H	H	M	15	M	H	H	H	H	14	210	High
UK Visa and Immigration (UKVI) Compliance	M	H	H	M	M	L	H	16	H	M	L	H	H	12	192 (204)	High
Admissions	H	L	H	H	M	L	M	15	H	H	M	H	M	13	195	High
Procurement	L	H	M	M	M	H	L	14	H	M	M	H	H	13	182	High
Budget Management	M	L	H	M	H	H	H	17	L	M	M	H	M	10	170 (180)	High
Forecasting and Planning	M	L	M	H	M	L	L	12	M	H	H	H	H	14	168	High
Health and Safety	H	M	H	M	L	L	M	14	H	M	M	M	H	12	168	High
Student Records	M	M	M	H	M	L	M	14	H	H	M	M	M	12	168	High
Income Management	M	H	L	H	M	H	M	16	L	M	M	H	M	10	160	High
Strategic Planning	L	L	M	H	H	M	M	14	L	H	M	H	M	11	154	High
Risk Management	M	L	H	M	L	L	L	11	M	H	H	H	H	14	154	High
HESA and HESES Data Returns	M	L	H	H	M	L	L	13	M	L	M	H	H	11	143	High
Business Continuity Planning	M	L	M	L	L	L	M	10	M	H	H	H	H	14	140 (154)	Medium
Student voice – representation, NSS, Your Voice, PRES, PTES	H	M	H	M	H	L	L	15	L	L	M	M	H	9	135 (126)	Medium
Payroll	L	H	L	H	L	H	H	15	M	L	L	H	M	9	135	Medium
Research Grants and Contracts	M	M	M	M	M	M	H	15	M	L	L	M	H	9	135	Medium



AREA	Likelihood								Impact						Total (L x I)	Risk Significance
	1	2	3	4	5	6	7	Score	8	9	10	11	12	Score		
Website and Social Media	M	L	H	M	L	L	L	11	M	H	M	M	H	12	132	Medium
Timetabling	M	L	M	H	H	L	M	14	L	M	H	L	M	9	126	Medium
Student Services – Support – personal tutoring	L	M	L	M	L	L	H	11	H	M	L	M	H	11	121	Medium
International Recruitment	M	L	M	L	L	H	L	11	L	M	M	H	H	11	121	Medium
Staff Recruitment	M	L	M	M	M	L	M	12	H	M	M	L	M	10	120	Medium
Catering and Cleaning Contract Management	L	M	H	L	M	M	M	12	H	L	M	M	M	10	120	Medium
Programme Development, Approval and Amendment	L	L	H	H	M	L	L	12	L	M	H	M	M	10	120	Medium
Examinations and Assessment Regulations	M	L	H	H	M	L	L	13	H	L	M	L	M	9	117	Medium
Performance Management	M	L	H	M	H	L	L	13	M	M	M	M	L	9	117	Medium
Development and Alumni Relations	H	M	L	M	L	M	H	14	L	M	L	L	H	8	112	Medium
UG and PG Recruitment (Marketing)	L	L	M	M	M	L	M	11	L	M	M	M	H	10	110	Medium
Annual Programme Evaluations and Periodic Review	L	L	H	H	M	L	L	12	H	L	M	L	M	9	108	Medium
Security	M	M	M	L	L	M	M	12	M	L	M	M	M	9	108	Medium
Widening Participation	L	L	L	L	L	L	L	9	H	L	M	H	H	12	108	Medium
Programmes and Partnerships	M	L	H	H	L	L	M	13	L	L	M	L	H	8	104	Medium
Treasury Management	L	M	L	L	H	H	M	13	H	L	L	H	M	10	130	Medium
Enterprise	M	H	H	M	M	L	M	15	L	L	L	M	M	7	105 (91)	Medium (Low)
Oversight of accreditation and professional body visits	L	L	H	M	L	L	L	10	M	L	M	M	H	10	100	Medium
Prevent Duty	M	L	H	M	L	L	L	11	H	L	L	L	H	9	99	Low



AREA	Likelihood								Impact						Total (L x I)	Risk Significance
	1	2	3	4	5	6	7	Score	8	9	10	11	12	Score		
Students' Union	L	L	H	M	L	L	M	11	M	L	M	L	H	9	99	Low
Phd Supervision and research degrees	M	L	H	M	M	L	L	12	L	L	H	L	M	8	96	Low
Academic Governance	L	L	M	H	L	L	L	10	H	L	M	L	M	9	90	Low
External Examining appointments and reporting	L	L	M	M	L	L	M	10	H	L	L	L	H	9	90	Low
Equality and Diversity	H	L	M	L	L	L	L	10	H	L	L	M	H	10	100	Low
Employer Liaison	L	L	H	M	L	L	L	10	L	L	H	L	H	9	90	Low
DLHE	H	L	M	M	L	L	L	11	L	L	M	L	H	8	88 (72)	Low
Uni-temps	L	M	H	L	H	L	L	12	L	L	L	L	H	7	84	Low
Energy and Environmental	L	L	M	L	L	M	L	9	M	L	L	M	H	9	81	Low
Student Development	L	L	H	L	M	L	L	10	L	L	M	L	H	8	80	Low
Student appeals, complaints and discipline	M	M	L	L	L	L	L	9	M	L	L	L	H	8	72 (56)	Low
Careers	L	L	M	L	L	L	L	8	L	L	H	L	H	9	72	Low
Training and Development	L	L	M	L	M	M	M	11	L	L	M	L	L	6	66	Low
Communications and Events	L	L	L	L	L	L	L	7	L	L	M	L	H	8	56	Low

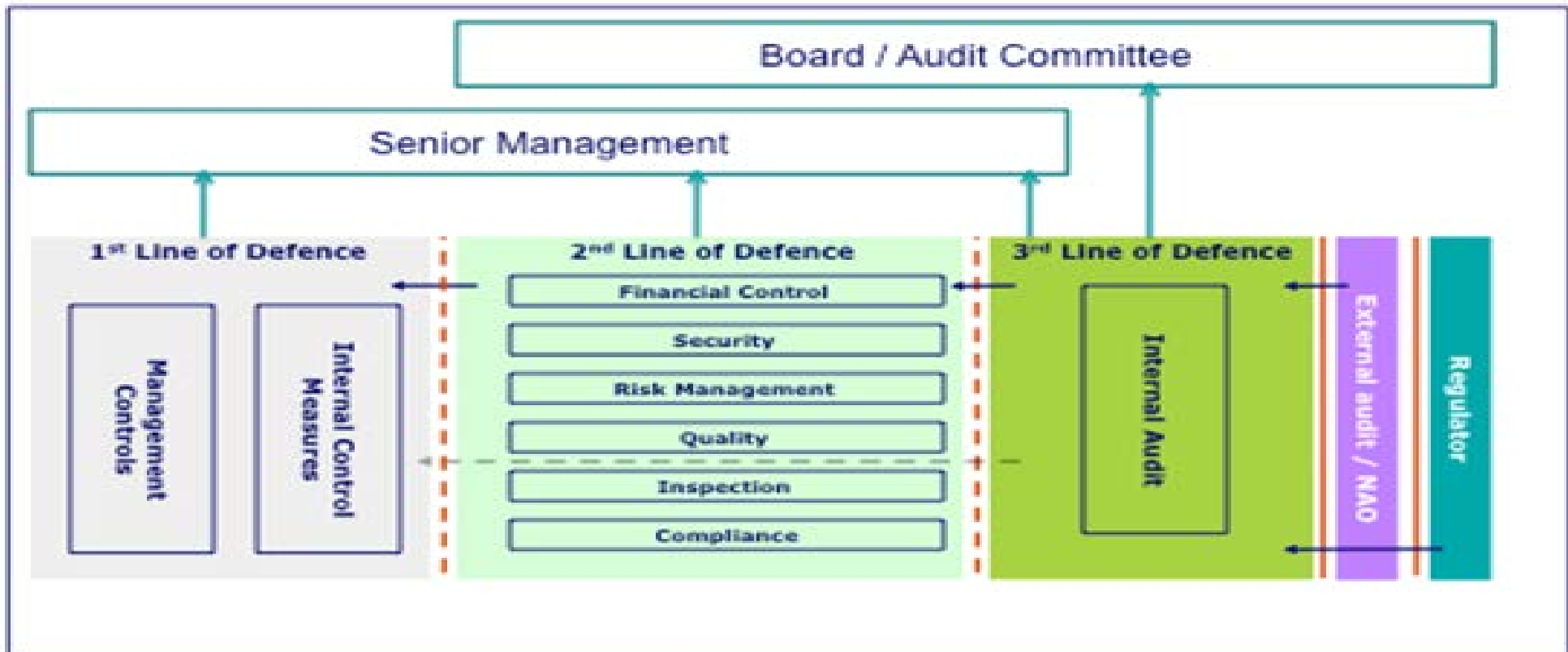
Likelihood Factors

1. Management concerns
2. Transaction stream risk
3. Devolution of responsibility
4. Complexity of system
5. Amount of resources allocated
6. Size of income and expenditure streams
7. Stability

Impact Factors

8. Statutory Breach
9. Impact on Other Systems
10. Impact on Service
11. Financial loss
12. Impact on Public Profile

Three lines of defence model





Academic excellence for
business and the professions

Internal Audit Role in Assurance over Academic Standards and Procedures – Part I

Steve Stanbury – Director of Internal Audit
City University London

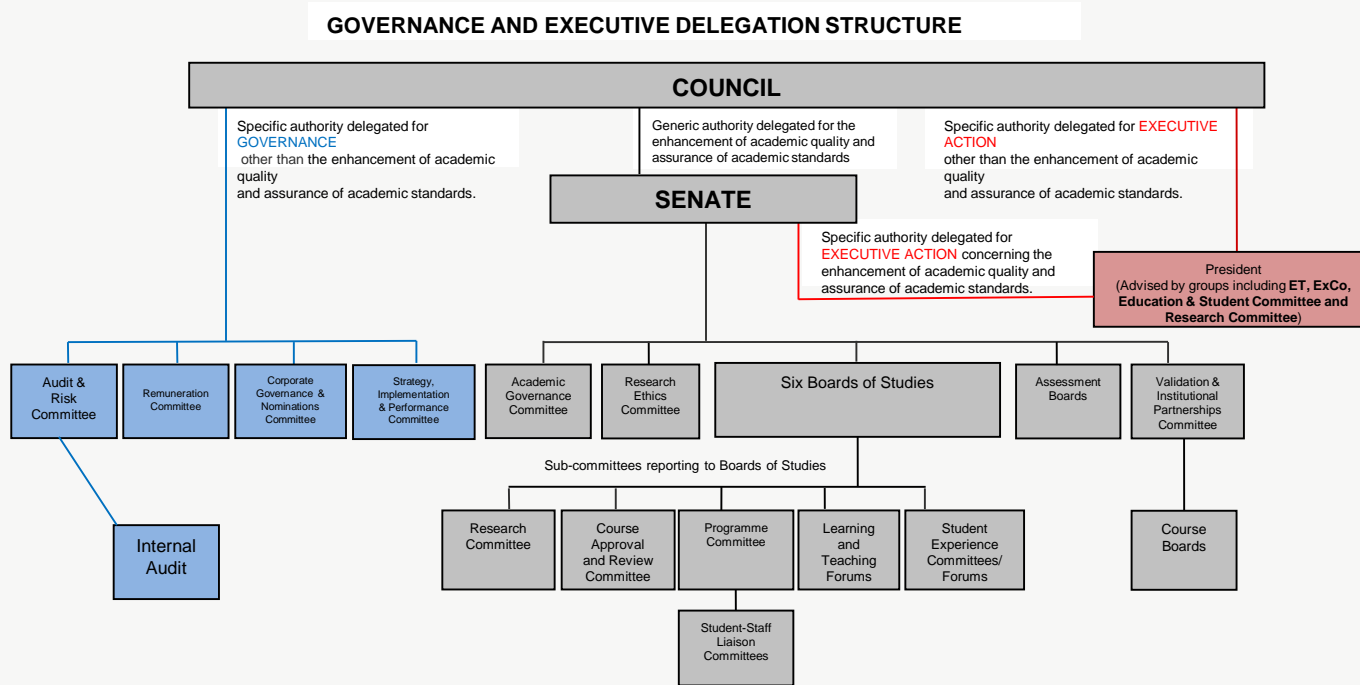
What we are going to cover.

- Context of academic assurance
- Role of Senate and the relationship with Council or Board
- Engaging in academic areas
- Reporting lines for assurance

Context of Academic Assurance

- The Council of the University is the “supreme governing body” and is “ultimately responsible for the affairs of the University”.
- The Memorandum of Assurance and Accountability between HEFCE and Institutions states “the governing body of an institution is collectively responsible and has ultimate non-delegable responsibility for overseeing the institution’s activities, determining its future direction and fostering an environment in which its mission is achieved ...
- There should be effective arrangements for providing assurance to the governing body that the institution: has an effective framework – overseen by its Senate to manage the quality of learning and teaching and to maintain academic standards.”

Context of Academic Assurance



Role of Senate and the relationship with Council

- City's Senate has “delegated authority from the Council for the enhancement of academic quality and assurance of academic standards” and “its composition, powers and functions [are] conferred on it in the Ordinances”. Under this model, Senate should seek to regularly assure Council that it is exercising this delegated authority efficiently and effectively.
- Senate has retained responsibility for:
 - academic regulations and policy;
 - decisions on the academic year;
 - strategies and improvement plans that underpin the Strategic Plan and which are related to education, research and enterprise;
 - academic aspects of validation;
 - terms of reference and composition of Senate committees; and
 - annual statement of assurance of academic standards to Council.

Role of Senate and the relationship with Council

- Senate sets regulations and agrees policies, which form a framework governing the actions of staff and students with the aim of ensuring Senate's delegated responsibilities are met.
- Senate delegates authority primarily through the Boards of Studies, which are responsible to Senate for a particular discipline or group of allied subjects and through the President.
- Senate has several other sub-committees including Academic Governance Committee, Research Committee, Research Ethics Committee, Assessment Boards, Student Affairs Committee and Validation & Institutional Partnerships Committee.

Assurance Requirements

- The Higher Education Funding Council for England (HEFCE) introduced revised arrangements for 2016/17 for monitoring the processes that Higher Education Institutions' have in place to assure and enhance the quality of their programmes are effective called the Annual Provider Review (APR).
- Under the revised method, City's Council must, as its governing body, provide an annual assurance statement to HEFCE each year on City's academic quality and standards.

Assurance Requirements

The role of Internal Audit is outlined by:

- HEFCE
- CUC
- CIIA

Assurance – IA Engaging in Academic Areas

“Internal audit in a university must consider all aspects of operations and where there is felt to be risk, it should undertake work. Universities' operations are primarily about education and research and it follows that these should be factored into internal audit planning. Internal auditors should not make, second-guess or influence academic judgments but they should be able to provide assurance that systems of control over academic affairs are working effectively. HEFCE has been making this point for some time and our understanding is that internal auditors are increasingly involved in this type of work.”

Paul Greaves, Head of Assurance at HEFCE
(2001-2014).

Assurance – IA Engaging in Academic Areas

- The Committee of University Chairmen Handbook for Members of Audit Committees states that the scope of Internal Audit is:

“All the institution’s activities, funded from whatever source, fall within the remit of the internal audit service. The internal audit service will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that management has taken the necessary steps to achieve these objectives and manage the associated risks.

CUC Guidance

- Following the revised arrangements issued by HEFCE on academic assurance. In the CUC guidance, it includes possible content for the Annual report on Academic Governance to the Board of Governors which includes:

Section 4vi.

- any action arising out of relevant internal audit work that relates to academic quality and standards.

CIIA

2010 – Planning

The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals.

Interpretation:

To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organization's strategies, key business objectives, associated risks, and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.

IIA POSITION PAPER: THE THREE LINES OF DEFENSE IN EFFECTIVE RISK MANAGEMENT AND CONTROL

- A broad range of objectives, including efficiency and effectiveness of operations; safeguarding of assets; reliability and integrity of reporting processes; and compliance with laws, regulations, policies, procedures, and contracts.
- All elements of the risk management and internal control framework, which includes: internal control environment; all elements of an organization's risk management framework (i.e., risk identification, risk assessment, and response); information and communication; and monitoring.

(The Three Lines of Defense in Effective Risk Management and Control, January 2013)

Engaging in Academic Areas

- The scope of internal audit work should cover all operational and management controls, and should not be restricted to the audit of systems and controls necessary to form an opinion on the financial statements.
- This does not imply that all systems will be subject to review, but rather that all will be included in the audit risk assessment and hence considered for review following the assessment of risk.
- It follows that if internal audit is to give an opinion on the whole system, then that will include academic operations.

Engaging in Academic Areas

- The role of internal audit in this area is to confirm that there are adequate systems for the management of education and research. For example, internal audit could confirm that the examination system is operating effectively and meeting its objectives, but this does not mean that internal audit should form academic judgements (Quality).
- Similarly, internal audit might review a research grant to ensure that the requirements of the grant have been met, but it should not form a view on the merit of the research undertaken.

Engaging in Academic Areas

- It is not within the remit of the internal audit service to question the appropriateness of policy decisions. However, internal audit is required to examine the arrangements by which such decisions are made, monitored and reviewed, and related risks identified and managed.
- The internal audit service may also conduct any special reviews requested by the governing body, audit committee or head of institution, provided such reviews do not compromise its objectivity or independence, or achievement of the approved audit plan,”

Engaging in Academic Areas

A two-tiered approach to delivering internal audit work is undertaken at City.

- Senate Governance Audit – to provide assurance over Senate and its Committees compliance with their Terms of Reference and the operation of the delegation framework for decisions (see Appendix A). This will include attendance at meetings, interviews and a review of documentation including committee minutes.
- Compliance review – Every year Internal Audit would give an opinion on a number of specific system areas covering the extent of their compliance with Senate approved academic regulations, policies and procedures.

Engaging in Academic Areas

Compliance review

- This would involve a review of the controls in place to manage risks, for example, in a review of controls over programme development, Internal Audit would seek to obtain evidence that the required stages had been completed; Stage 0, 1, 2 and that consideration and sign off had been received. Internal Audit will also bring to Senate's attention any potential new controls which should be considered.

Engaging in Academic Areas

Proposed system areas for review include

- Programme Development, Approval and Amendment
- Annual Programme Evaluation and Periodic Review
- Student Feedback and Representation
- Student Support (Personal Tutoring, Student Contact With Teaching Staff and Personal Development Planning)
- Assessment (Assessment & Feedback, Assessment Boards and Appeals)
- Complaints and Discipline
- External Examiners

Academic Risks?

- Strategic risks: the long term academic strategy; key institutional academic objectives; etc.
- Financial risks: the financial sustainability of academic programmes and research; investment in new programmes and technologies; etc.
- Legal risks: e.g. validations; student complaints; etc.
- Major project risks: academic partnerships (including major research collaborations); aspects of internationalisation; etc.
- Operational risks: e.g. quality assurance; academic fraud; etc.
- Reputational risks: all of the above coming together. There are a number of recent examples where governing body failure has led to loss of institutional reputation.

Reporting Lines

- Senate is responsible for the assurance of academic standards and it will report to Council at each meeting as appropriate and provide an annual report.
- For the purpose of supporting Senate, Internal Audit reports to the Educational Quality Committee (EQC), which in turn reports to Senate.

City, University of London
Northampton Square
London
EC1V 0HB
United Kingdom

T: +44 (0)20 7040 5060
E: department@city.ac.uk
www.city.ac.uk/department

