

City College Plymouth

Annual Internal Audit Report - Year ended 31st July 2015

Presented at the Audit Committee meeting of: 17 November 2015

Baker Tilly Risk Advisory Services LLP

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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1 Introduction

1.1 The Role of Internal Audit

The prime responsibility of Internal Audit is to provide the Corporation of City College Plymouth with assurance on the adequacy and effectiveness of risk management, control and governance arrangements. Internal Audit can also provide independent and objective consultancy and advice to improve those arrangements. Internal Audit is therefore a key part of City College Plymouth's assurance cycle and if used properly can help to inform and update the organisation's risk profile.

Internal Audit is just one of the sources of assurance available to the Corporation.

1.2 Statement of Corporate Governance and Internal Control

Colleges are required to include a Statement of Corporate Governance and Internal Control within their financial statements. As your Internal Audit provider, the assignment opinions and advisory reviews that we undertake and report on during the year are part of the framework of assurances that assist the Corporation (through the Audit Committee) to prepare an informed statement and provide the opinions required.

Our overall opinion may be used by the Corporation Board in the preparation of the 2014/2015 Statement.

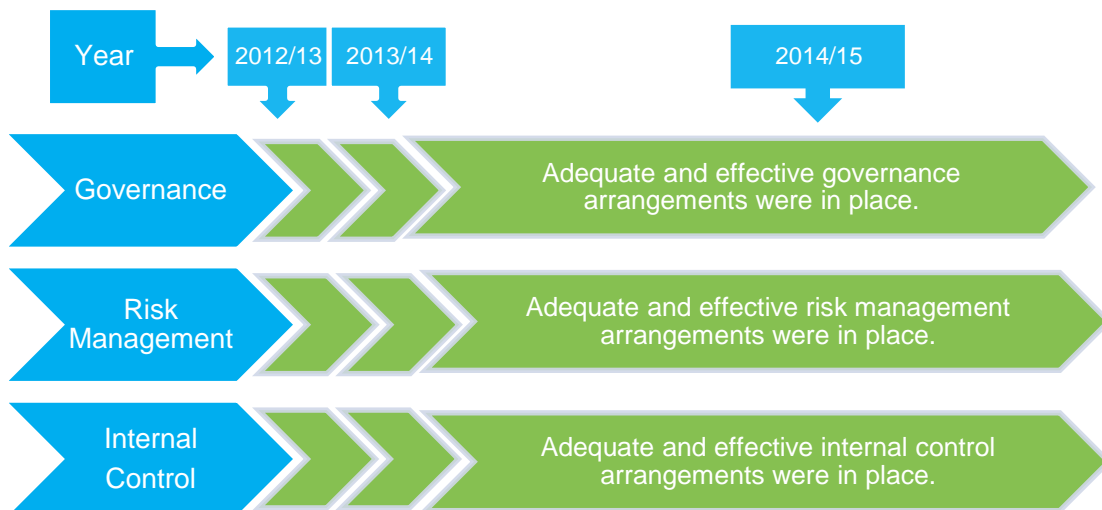
The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report is prepared solely for the use of the Corporation and senior management of City College Plymouth.

2 The Head of Internal Audit Opinion

As the provider of the Internal Audit service to City College Plymouth we are required to provide an opinion on the adequacy and effectiveness of the organisation’s governance, risk management and control arrangements. In giving our opinion it should be noted that assurance can never be absolute. The most that the Internal Audit service can provide to the Accounting Officer and Audit Committee is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes based on the work completed in the period.

For the 12 months ended 31 July 2015, based on the work we have undertaken, our opinion below details the adequacy and effectiveness of your organisation’s risk management, internal control and governance arrangements.

We also show below the direction of travel of our opinions.



In our opinion the College has adequate and effective governance, risk management and control processes to manage the achievement of its objectives.

Further detail supporting our opinion can be found over the page.

2.1 The basis of our opinion

Based on the work we have undertaken on the College's systems of internal control, we do not consider that within those areas there are any issues that need to be highlighted as significant internal control issues. The basis of our annual opinion is described below:



Governance

Our governance opinion is informed by our cumulative knowledge of the College's governance processes through coverage in previous years and attendance at Audit Committee meetings (i.e. where we have observed some of the College's governance and oversight mechanisms in practice).

Risk Management

We have undertaken a review of the College's assurance arrangements in place for the area of Health and Safety during 2014/15, specifically to test the robustness and support for the assurances received by senior management, the Audit Committee and Corporation. Instead of reviewing the controls in place to mitigate Health and Safety risk, this reviewed instead focused on the reporting of the related assurances, and traced these back to supporting evidence, to validate the overall College assurance mechanisms established. Our review concluded that the assurance mechanisms were well established and could be relied upon by the College.

Our opinion on risk management is also informed by the assessment of the risk mitigation procedures undertaken in the areas covered by the risk-based reviews completed as part of the 2014/2015 Internal Audit plan.

In addition, our risk management opinion is also informed by the discussions we have had with management, through our cumulative knowledge of the College's risk management and assurance systems and processes, and attendance at Audit Committee meetings.

Internal Control

All assurance providing work carried out in the year resulted in positive opinions, with no systemic control weaknesses identified. Furthermore, the College demonstrated Good progress in implementing recommendations from previous years.

A summary of Internal Audit work undertaken, and the resulting opinions, is provided at appendix A.

2.2 Acceptance of 2014/2015 Internal Audit recommendations

All of the recommendations made during the year were accepted by management.

2.3 Reliance placed upon work of other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 Our performance

3.1 Wider value-adding delivery

As part of our client service commitment, during 2014/15 we have:

- issued four further education specific client briefings;
- provided benchmarking within our reports on the number and category of recommendations and assurance opinions across other organisations where appropriate;
- incorporated best practice from our FE client base into the overall audit plan and the individual audits undertaken;
- made suggestions throughout our audit reports based on our knowledge and experience in the further education sector to provide areas for consideration;
- continued to provide a pragmatic and responsive service;
- Provided regular contact and ad-hoc telephone calls and responded to queries from senior staff throughout the year.

3.2 Conflicts of interest

Baker Tilly has not undertaken any work or activity during 2014/15 that would lead us to declare any conflict of interests.

3.3 Conformance with internal auditing standards

Baker Tilly affirms that our Internal Audit services are designed to conform to the International Standards for the Professional Practice of Internal Auditing and the International Professional Practices Framework (IPPF) as published by the Institute of Internal Auditors (IIA). Our services also conform to the Public Sector Internal Audit Standards which came in to effect from 1 April 2013.

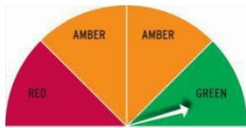
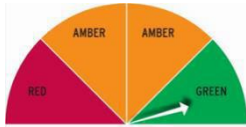
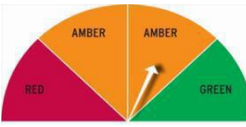
Under the Standards, Internal Audit services are required to have an external quality assessment every five years. Our Risk Advisory service line commissioned an external independent review of our Internal Audit services in 2011 to provide assurance whether our approach meets the requirements of the IPPF.

The external review concluded that “the design and implementation of systems for the delivery of Internal Audit provides substantial assurance that the standards established by the IIA in the IPPF will be delivered in an adequate and effective manner”.

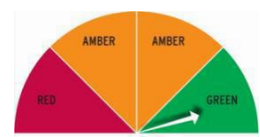
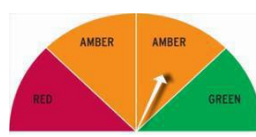
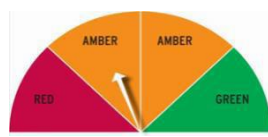
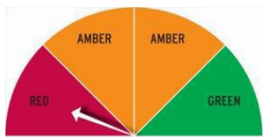
3.4 Performance indicators

Our performance during 2014/2015 will be assessed, as in previous years, by the Audit Committee post year end. We measure our own performance and report this to the Audit Committee at every meeting via our Progress Reports.

Appendix A: Internal Audit Opinion and Recommendations Summary 2014/2015

Assignment	Executive lead	Opinion issued	Actions agreed		
			H	M	L
Off Site Provision – Achievement Training Limited (1.14/15)	Nicola Cove, Deputy Principal		0	1	2
Payroll (2.14/15)	Nicola Cove, Deputy Principal		0	0	1
Outputs captured at the LEAN Process Workshop: Pre Application (3.14/15)	Nicola Cove, Deputy Principal	N/A	Action plan determined by management		
Review of Assurance Process - Health & Safety (4.14/15)	Nicola Cove, Deputy Principal	Advisory	0	1	3
Follow Up (5.14/15)	Nicola Cove, Deputy Principal	Good Progress	0	0	0
IT General Controls (6.14/15)	Nicola Cove, Deputy Principal		0	0	7

We use the following levels of opinion classification within our internal audit reports



Taking account of the issues identified, the Corporation cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, whilst the Corporation can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

Taking account of the issues identified, the Corporation can take reasonable assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

However we have identified issues that, if not addressed, increase the likelihood of the risk materialising.

Taking account of the issues identified, the Corporation can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

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