



UNIVERSITY OF BUCKINGHAM

Internal Audit Strategy 2019-2020

Presented at the Risk, Audit and Compliance
Committee meeting of:

3 December 2018

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CONTENTS

1	Introduction.....	2
2	Developing the internal audit strategy.....	3
3	Your Internal Audit service	4
4	Risk, Audit and Compliance Committee requirements	5
	Appendix A: Internal audit plan 2019	6
	Appendix B: Internal audit strategy 2018–2020	10
	Appendix C: Internal audit charter.....	16
	Appendix D: Our client care standards.....	20
	For further information contact	21

1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting the University of Buckingham in the year ahead, including changes within the sector.

1.1 Background

The University of Buckingham has experienced a number of changes in senior management and governance in recent years. Review of the composition of the Vice Chancellor's Office identified that the Vice Chancellor commenced in September 2015, the Director of Admissions and Student Recruitment commenced in March 2016 and the Strategic Advisor commenced in 2017. The Chair of Council was appointed in June 2017. This means that the University has an opportunity to renew its vision and values under the new leadership.

The University has a number of distinctive features including:

- Undergraduate degrees are completed in two years;
- Class sizes are kept small, with staff: student ratios at 10.4:1;
- The University has six Schools and a Foundation offer. The School of Education is based on a separate site to the rest of the University;
- The University achieved a TEF Gold award in 2017; and
- In the National Student Survey for 2017, for 'overall satisfaction', the University achieved 94%. This was significantly higher than its benchmark group at 85%.

The University has not previously had an internal audit service and 2018 has been the first year of internal audit delivery. One internal audit, on the School of Education has been conducted at the University, to date during 2018. This report while currently at draft report stage received a partial assurance opinion and while it focused on a specific School did highlight a number of governance and risk management issues for the University to address more widely.

2 DEVELOPING THE INTERNAL AUDIT STRATEGY

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk management processes

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with members of Council and the Risk, Audit and Compliance Committee.

Based on our understanding of the organisation, the information provided to us by the stakeholders above, and the regulatory requirements, we have developed an annual internal plan for the coming year and a high level strategic plan (see appendix A and B for full details).



Figure A: Sources considered when developing the internal audit strategy

2.2 Working with other assurance providers

The Risk, Audit and Compliance Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers, such as external audit, to ensure that duplication is minimised, and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Mark Jones, Partner, supported by Louise Tweedie, Risk Assurance Director and Suzanne Rowlett, Senior Manager.

3.1 Fees

Our fee to deliver the plan is:

- 2019: £15,840 (excluding VAT).

Please see appendix A for full details.

3.2 Conformance with internal auditing standards

RSM 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 Global Institute of Internal Auditors (IIA). Further details of our responsibilities are set out in our internal audit charter within appendix C.

Under the standards, internal audit services are required to have an external quality assessment every five years. Our Risk Assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the IPPF.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

3.3 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 RISK, AUDIT AND COMPLIANCE COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the Committee is asked to consider the following:

- Is the Risk, Audit and Compliance Committee satisfied that sufficient assurances are being received within our annual plan (as set out at appendix A) to monitor the organisation's risk profile effectively?
- Does the strategy for internal audit (as set out at appendix B) cover the organisation's key risks as they are recognised by the Risk, Audit and Compliance Committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Risk, Audit and Compliance Committee content that the standards within the charter in appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Risk, Audit and Compliance Committee approve such any amendments to this plan.

APPENDIX A: INTERNAL AUDIT PLAN 2019

Audits in the first two quarters of 2019

Audit	High level scope	Audit approach	Suggested timing	Fee (£)
Risk Management and Assurance Processes	<p>The University has recently established a Risk Management Policy and has renewed its Strategic Risk Register. Our work will have three phases:</p> <ol style="list-style-type: none"> 1. A desktop review of the University's Risk Management policy and Risk Register. We will consider how these compare to good practice. 2. A risk management workshop with Deans and Heads of Professional Services. 3. Individual follow up meetings with Deans and Head of Professional Services (and members of their team as they deem appropriate) to focus on development of a Risk Register. 	Assurance	<p>Phase 1: Quarter 4 2018</p> <p>Phase 2: Quarter 2 2019</p>	£7,425
Financial Planning, Budget Setting and Control	<p>We would review the processes for financial planning and budget setting, including the timing of the process and the systems in use. We would also consider how historic outcomes and known changes are used to inform the process.</p> <p>We would consider how budget holders, including Deans and Heads of Professional Services, are engaged in the budget setting process to encourage ownership and accountability.</p> <p>We will review reporting provided to budget holders to facilitate management of their budget. We will assess how intervention is applied when potential overspends are identified.</p> <p>As part of the audit we will interview budget holders, including a sample of Deans and Heads of Professional Services of the University. We would also interview Finance to understand their role in facilitating the process.</p>	Assurance	Quarter 2 2019	£2,970
<p>Links to University risks:</p> <ul style="list-style-type: none"> • <i>That the university's schools' financial contribution is insufficient to achieve a 5% operating surplus, leading to an inability to support the ambitions of the academic strategy, and an over-reliance on non-core activity (eg. student residences) to produce operating surpluses.</i> • <i>That the finances of the university are negatively impacted by knock-on consequences of further shifts in</i> 				

Audit	High level scope	Audit approach	Suggested timing	Fee (£)
<i>the regulatory and funding system.</i>				
Governance Framework: Information and Reporting	We will assess the management information and reports presented to the Council and its committees. We will review terms of reference and other documents which set out how information flows are intended to work. We will consider the timeliness of reporting and the content. We will review management attendees at the meetings, to facilitate Council member access to management to ask questions and receive answers. We will also consider whether there is duplication between Council and Committee meetings. As part of this audit we would interview some Council members.	Assurance	Quarter 2 2019	£3,960
Management	This will include: <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, Risk, Audit and Compliance Committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers 	-	Not applicable	£1,980

Audits for consideration for future coverage in the latter part of 2019

Audit	High level scope
UKVI Compliance Arrangements	<p>We will seek to establish the following:</p> <ul style="list-style-type: none"> • Policies and procedures in place defining roles, responsibilities and expectations for complying with UKVI and the associated record keeping in order to maintain sufficient evidence for inspection; and • Governance arrangements have been established in order to allow for routine reporting, discussions and monitoring of compliance and ultimately providing timely challenge and scrutiny where required. <p>We will undertake sample testing in order to assess compliance with selected requirements of the UKVI.</p> <p>We will select a sample of International students enrolled at the University and confirm through review of corresponding records whether the following have been undertaken and held on file: Assessment of English language ability; Qualifications; Records used in the assessment prior to a Confirmation of Acceptance for Studies (CAS); CAS; Passport; Entry Clearance Vignette and/or Biometric residence permit as applicable; Contact details; and Enrolment forms and Attendance records.</p> <p>Our testing will focus on monitoring of attendance in order to identify any students whose attendance fails to comply with requirements and where the University may need to consider withdrawing sponsorship. We will also review how the University delivers and manages language ability assessments.</p>

Audit	High level scope
	<p>Every 12 months, the University is required to apply for a Basic Compliance Assessment (BCA) to the UKVI. As part of the BCA, the UKVI assesses how the University has performed against three core requirements:</p> <ul style="list-style-type: none"> • A visa refusal rate of less than 10 per cent; • An enrolment rate of at least 90 per cent; and • A course completion rate of at least 85 per cent. <p>We will review how the University monitors its own performance against the BCA requirements.</p>
<p>IT Security Framework</p> <p>Link to University risk: <i>The university's portfolio of IT projects fail to deliver to time, cost or quality expectations; or that IT infrastructure failure results in denial of access to critical systems or data.</i></p>	<p>Cyber security is an increasing priority as hacking, malware and other attacks become more frequent, often exploiting existing vulnerabilities in systems and processes.</p> <p>We will undertake testing of selected key controls including:</p> <ul style="list-style-type: none"> • Policies and procedures; • Staff training; • Awareness raising for staff and students; • Patch management; • Management of anti-virus protection; • Password management; • User management; • Firewall rule base; • Security event logging and follow up; and • Website filtering and email scanning.
<p>Procurement/ Value for Money Framework</p>	<p>We will undertake testing of how the University manages purchasing for smaller items where budget holder has delegated authority. Supplier management will also be reviewed in terms of vetting and quality checks and in terms of the number of suppliers used by the University and the volume and value of transactions with each supplier. We will deploy data analytics for this part of our work.</p>
<p>Data Quality: Student Loans Company</p>	<p>In order to receive payment from the Student Loans Company, the University is required to utilise the Student Information System. There are a number of key tasks to be undertaken by the University:</p> <ul style="list-style-type: none"> • Confirm student registration • Confirm student attendance • Confirm change in student circumstances <p>We will select a sample of students and test that the above have been actioned and can be traced to source records. For the sample of selected students, we will trace this through to fee receipts.</p>
<p>Key Financial Controls: Income and Debtors</p> <p>Links to University risk: • <i>That the university's schools' financial contribution is</i></p>	<p>We will test selected key controls in respect of:</p> <ul style="list-style-type: none"> • Timely identification of income due to the University, including student fees and other income; • Timely invoicing of income due; • Credit control activities; • Income and debtor policies and procedures, including application of sanctions for non-payment; • Receipting and banking of income received; • Debtor control account reconciliations; • Reconciliations between the finance and student records systems (As applicable); and

Audit	High level scope
<p><i>insufficient to achieve a 5% operating surplus, leading to an inability to support the ambitions of the academic strategy, and an over-reliance on non-core activity (eg. student residences) to produce operating surpluses.</i></p>	<ul style="list-style-type: none"> • Reporting on income and debtors to management and Council.
<p>Key Financial Controls: Payments</p> <p>Links to University risk:</p> <ul style="list-style-type: none"> • <i>That the university's schools' financial contribution is insufficient to achieve a 5% operating surplus, leading to an inability to support the ambitions of the academic strategy, and an over-reliance on non-core activity (eg. student residences) to produce operating surpluses.</i> 	<p>We will review the financial regulations and procedures in respect of:</p> <ul style="list-style-type: none"> • Staff and Council member expenses • Payments to suppliers <p>We will undertake testing in these areas to ascertain the approval processes in place and whether these are being complied with.</p> <p>We will test all methods through which payments are made to suppliers, which will include BACS, CHAPS, cheques, credit cards, direct debits and cash, as applicable.</p>

NB: Resources allocated to individual audits have taken into consideration the level of risk assigned to the area by the client, our knowledge of any existing client controls, including how effective these are, and the specialist nature of the area being reviewed. The resource level applied for the delivery of the area of work is reviewed as the detailed scope of the work is agreed with the executive lead.

APPENDIX B: INTERNAL AUDIT STRATEGY 2018–2020

Proposed area for coverage	Rationale	2018	Q1/2 2019	Later
Risk based assurance				
Framework for Compliance with Legal Requirements: Health and Safety	<p>Health and Safety has significant legal and regulatory requirements and is an area that could result in reputational and financial risk for the University.</p> <p>We would test compliance with risk assessments for University premises generally, and for specific curriculum related activities. We would review the operation of any Health and Safety committee. We will test accident and incident reporting mechanisms to understand how these are used to identify trends which need to be addressed and to identify matters that need to be reported to the HSE.</p>			✓
<p>Key Financial Controls</p> <p>Link to University risks:</p> <ul style="list-style-type: none"> • <i>That the university's schools' financial contribution is insufficient to achieve a 5% operating surplus, leading to an inability to support the ambitions of the academic strategy, and an over-reliance on non-core activity (eg. student residences) to produce operating surpluses.</i> • <i>That the finances of the university are negatively impacted by knock-on consequences of further shifts in the regulatory and funding system.</i> 	<p>Core financial systems are an important element of the control framework which contributes towards ensuring a sustainable future for the University. We would undertake testing in two key areas:</p> <p>Core Controls</p> <p>This would include testing of selected controls in areas such as:</p> <ul style="list-style-type: none"> • Income and debtors • Payments and creditors • Payroll and expenses <p>Budgetary Control</p> <p>We would review the processes for setting the budget and consider engagement with budget holders to ensure buy in to the process. We would test a sample of assumptions made to ascertain the information that underpinned these.</p> <p>Treasury Management</p> <p>We would review cash flow forecasting processes to understand how the University identifies surplus cash which can be invested. We will review the processes for approval of borrowings and how performance against loan covenants is monitored.</p>			✓
<p>Marketing and Student Recruitment</p> <p>Link to University risks:</p> <ul style="list-style-type: none"> • <i>Planned growth in domestic and international student numbers -- particularly of undergraduates -- exposes Buckingham to a range of</i> 	<p>The University has identified that the higher education market is becoming increasingly competitive. This is likely to continue due to demographic pressures in respect of 18-year olds across the UK and due to potentially new entrants to the market.</p> <p>The use of open days, social media and print media is a key part of an effective approach to marketing.</p>			✓

Proposed area for coverage	Rationale	2018	Q1/2 2019	Later
<p><i>competitive and external risks (such as global economic conditions, increasing competition for quality students, exchange rates or visa policy), resulting in a shortfall against student recruitment targets.</i></p> <ul style="list-style-type: none"> • <i>That the Brexit settlement impacts negatively on the University and forces the strategic ambition, particularly in relation to growth, to be adjusted downwards.</i> • <i>That the university fails to extract full value from its key strategic partnerships (eg, NHS trusts) or that adverse events in the partner organisation impact on the reputation of the university or its ability to deliver its strategic goals.</i> 	<p>We will review the controls for developing and approving the marketing strategy and test a sample of events to understand how the effectiveness is assessed. We will review how the University captures enquiries and requests and follows these up. We will consider the processes for maintaining contact with applicants between submitting an application and registering at the University. This will be to assess the timeliness of key stages of the process and to compare the 'keep warm' strategies to those seen at other clients.</p>			
<p>Procurement</p> <p>Link to University risk: <i>That the university's schools' financial contribution is insufficient to achieve a 5% operating surplus, leading to an inability to support the ambitions of the academic strategy, and an over-reliance on non-core activity (eg. student residences) to produce operating surpluses.</i></p>	<p>We will review the University's procurement strategy and compare it to those seen at other organisations with a view to sharing best practice. We will test a sample of transactions in respect of revenue and capital expenditure to check for adherence to requirements to seek quotations and tenders. We will consider how the University assesses value for money in the context of procurement through the scoring approaches applied and how these balance cost and quality.</p>		✓	
<p>Academic Quality Framework</p> <p>Link to University risk: <i>That the objectives of the education strategy, particularly the measures to address targeted student numbers growth, quality and good honours degree outcomes for students are not met, leading to poor overall student satisfaction and a negative impact on Buckingham's reputation.</i></p>	<p>The University joined the QAA in 2001 and had a full review in 2012 and a monitoring visit in 2016. We will undertake testing of the mechanisms in place to monitor and assurance academic quality. This will include the University's processes for:</p> <ul style="list-style-type: none"> • Policies and procedures and how these are aligned to QAA requirements; • How the areas raised by the QAA in their original review and monitoring report are being progressed; • Induction, mentoring and support for new lecturers; • Oversight of quality data, such as the number of the degrees awarded in each classification; and 			✓

Proposed area for coverage	Rationale	2018	Q1/2 2019	Later
	<ul style="list-style-type: none"> Sharing of good practice across the University. 			
<p>Course Management</p> <p>Link to University risk: <i>That the objectives of the education strategy, particularly the measures to address targeted student numbers growth, quality and good honours degree outcomes for students are not met, leading to poor overall student satisfaction and a negative impact on Buckingham's reputation.</i></p>	<p>The University offers its provision in two-year degree structures and has multiple intakes across the year. The University continues to review its course portfolio to ensure that this aligns with demand and best practice.</p> <p>We will undertake testing of the arrangements for management of courses in terms of student numbers and efficiency.</p> <p>This will include the University's processes for:</p> <ul style="list-style-type: none"> Assessing demand for courses; Reviewing course content and updating to align to meet demand and changing requirements; Monitoring applications and registrations; Delivery of induction; Reviewing student numbers during the year as students withdraw; and Assessing staffing and resources requirements. 			✓
<p>Framework for Compliance with Legal Requirements: Data Protection</p> <p>Link to University risk: <i>That the university fails to hold its information and data securely, leading to information being held in a non-compliant state, personal data or commercial information being compromised or corporate networks or systems being corrupted.</i></p>	<p>The General Data Protection Regulation came into force in May 2018. This introduced further requirements such as, but not limited to, explicit consent from data subjects, control over third party processors (such as cloud providers), controls to detect and report breaches and new rights for data subjects. We propose to review the controls established and consider whether these are reasonable.</p> <p>We will also review staff training in respect of data protection.</p>			✓
Data Quality	<p>The University has signed up to HESA and submits data to facilitate inclusion in the league tables. We would test the processes for collating the data, data governance and sign off and data cleansing. We will also test a sample of the data back to source records to confirm whether these reconcile.</p> <p>In future years other areas of data quality could be tested such as compliance with the requirements of the Student Loans Company.</p>			✓
UKVI Compliance Arrangements	<p>The University has the responsibility to assess the student's ability to follow a course of study before a confirmation of acceptance for studies (CAS) under Tier 4 is assigned. This includes checks on the student's English ability and confirming the qualifications the learner already holds.</p>			✓

Proposed area for coverage	Rationale	2018	Q1/2 2019	Later
	As part of their general reporting duties, Tier 4 sponsors must also inform the UK Visas and Immigration if sponsorship is withdrawn when a student misses ten expected contacts. Maintaining the University's licence is essential in order to further the University's student recruitment strategy, one aspect of which is recruitment of international students.			
Project Management and Governance Link to University risks: <ul style="list-style-type: none"> • <i>That implementation of the Crewe Project is impeded by inadequate or insufficient attention to operational planning and delivery resulting in cost escalation and revenue under-performance.</i> • <i>That the Entrepreneurship Centre underperforms in terms of advancing the knowledge exchange/transfer and education strategies because of a combination of poor goal definition, inadequate delivery capacity and overly complex governance and leadership arrangements.</i> 	As and the University undertakes strategic projects, whether capital or revenue, we will review the initiation, decision-making, governance, financial and oversight controls in place.			✓
Core Assurance				
School Review Link to University risk: <i>That the university's schools' financial contribution is insufficient to achieve a 5% operating surplus, leading to an inability to support the ambitions of the academic strategy, and an over-reliance on non-core activity (eg. student residences) to produce operating surpluses.</i>	We would undertake testing of selected controls that are devolved to the School in the areas of finance (such as purchasing) and HR (such as undertaking appraisals). We would also test the controls over the partnership arrangements in place. The School of Education was reviewed in 2018.	✓		✓
Risk Management and Assurance	Universities need to be assured that key risks that may prevent achievement of strategic goals and strategic priorities have been identified and assessed so that appropriate actions can be identified and implemented.			✓

Proposed area for coverage	Rationale	2018	Q1/2 2019	Later
	Embedded Risk Management provides a sound basis for management to drive the University forward and to take measured risks as part of the decision-making process.			
Governance	Without an appropriate and effective governance structure in place the University will not thrive in the increasingly challenging external environment within which it will be required to operate. Strategic direction and innovative governance will be required from the Council to ensure that the University is best placed to meet the needs of its existing and future stakeholders.		✓	
IT Security Framework Link to University risk: <i>The university's portfolio of IT projects fail to deliver to time, cost or quality expectations; or that IT infrastructure failure results in denial of access to critical systems or data.</i>	Cyber security is an increasing priority as hacking, malware and other attacks become more frequent, often exploiting existing vulnerabilities in systems and processes. We will undertake testing of selected key controls including: <ul style="list-style-type: none"> • Policies and procedures; • Staff training; • Awareness raising for staff and students; • Patch management; • Management of anti-virus protection; • Password management; • User management; • Firewall rule base; • Security event logging and follow up; and • Website filtering and email scanning. 			✓
Human Resources Framework Link to University risks: <ul style="list-style-type: none"> • <i>The university fails to improve staff performance in line with its strategic ambitions.</i> • <i>That Buckingham's relative visibility, and its recognition and rewards system, impedes our ability to attract and then retain the best people for the achievement of our academic strategy.</i> 	We will undertake testing of selected controls in areas such as: <ul style="list-style-type: none"> • Legislative and regulatory compliance, for example in respect of equality and diversity, modern slavery and gender pay • Recruitment and selection • Appraisals and performance management • Training and development • Organisational structure, including job descriptions and delegated authorities 			✓
Other Internal Audit Activity				
Follow up	To meet internal auditing standards, and to provide assurance on action taken to address recommendations previously agreed by management.	-		✓

Management	This will include: <ul style="list-style-type: none">• Annual planning• Preparation for, and attendance at, Risk, Audit and Compliance Committee• Regular liaison and progress updates• Liaison with external audit and other assurance providers• Preparation of the annual opinion	✓	✓	✓
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APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for the University of Buckingham. The establishment of a charter is a requirement of the International Standards for the Professional Practice of Internal Auditing and approval of the charter is the responsibility of the Risk, Audit and Compliance Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP (“RSM”).

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives. The internal audit function is required to comply with the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core principles for the professional practice of internal auditing
- Definition of internal auditing
- Code of ethics; and
- The Standards

An overview of our client care standards is included at appendix D of the internal audit strategy plan for 2018-2020.

Mission of internal audit

As set out in the IPPF, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to the Partner (acting as your head of internal audit). The independence of RSM is assured by the internal audit service reporting to the Vice Chancellor.

The head of internal audit has unrestricted access to the chair of Risk, Audit and Compliance Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to the University of Buckingham. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Risk, Audit and Compliance Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be compromised in reporting the matter to the Risk, Audit and Compliance Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Risk, Audit and Compliance Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Risk, Audit and Compliance Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a quality assurance and improvement program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Risk, Audit and Compliance Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management - who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Council - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (e.g. an audit committee).

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Risk, Audit and Compliance Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The head of internal audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Risk, Audit and Compliance Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Risk, Audit and Compliance Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

As the provider of the internal audit service we are required to provide an annual 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 board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes. The annual opinion will be provided to the organisation by RSM Risk Assurance Services LLP at the financial year end. The results of internal audit reviews, and the annual opinion, should be used by management and the Board to inform the organisation's annual governance statement.

Data protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's terms of business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under the standards, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the Risk, Audit and Compliance Committee.

Fraud

The Risk, Audit and Compliance Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Risk, Audit and Compliance Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the internal audit charter

By approving this document, the internal audit strategy, the Risk, Audit and Compliance Committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope four weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements at least 10 working days before the commencement of the audit fieldwork to confirm practical arrangements, appointments, debrief date etc.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Draft reports will be issued within 20 working days of the debrief meeting and will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three working days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

FOR FURTHER INFORMATION CONTACT

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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

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. Actions for improvements should be assessed by you for their full impact. 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.

Our report is prepared solely for the confidential use of the University of Buckingham, and solely for the purposes set out herein. 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 RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance 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.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

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

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.