

<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee of the Board of Governors of the Guildhall School of Music and Drama	30 April 2018
<b>Subject:</b> Internal Audit Update Report	<b>Public</b>
<b>Report of:</b> Head of Internal Audit and Risk Management	<b>For Information</b>

### Summary

This report provides an update on Internal Audit activity undertaken at the Guildhall School since the last report made in January 2018.

Delivery of 2017-18 planned audits is in progress and the plan status is outlined at **Appendix 1**. Details of Internal Audit work undertaken in 2016-17 are also shown in **Appendix 2** to provide an overview of audit coverage over two years, as requested at the January 2018 meeting of this Committee.

Draft reports for the audits of Data Quality and Catering (including Student Bar) have been issued. Liaison is ongoing between Internal Audit and Guildhall School management to inform development of the terms of reference for the planned audit of Student Support to ensure plan completion.

At the time of the last Committee in January 2018 there were seven live amber priority recommendations and no live red priority recommendations. As at mid-April 2018 there remain seven live amber priority recommendations, two of which are due, as detailed at **Appendix 3**. There are no outstanding red priority recommendations.

The draft annual and strategic audit plan for 2018-19 and a statement of intent for the period to 31<sup>st</sup> March 2021 is attached as **Appendix 4**.

### Recommendation(s)

Members are asked to note the status of planned audit work for 2017-18, Internal Audit coverage in 2016-17, the live high priority recommendations position and the draft audit plan for 2018 to 2021.

### Main Report

#### Background

1. This report provides an update on audit work progressed since 31 January 2018 Committee. The status of planned 2017-18 audits is outlined at Appendix 1. One audit is complete, two have been issued as draft reports and Internal Audit is liaising with Guildhall School management to agree the focus of the remaining

audit which has not been initiated. Two audits are to be carried forward to 2018/19, as previously notified to this Committee.

2. Recommendation follow-up enquiries have identified that, as at mid-April 2018, there are seven live amber priority recommendations for implementation by the School and no live red priority recommendations.
3. Development of the Internal Audit Plan 2018-2019 and a statement of intent for the period up to 31 March 2021 has been discussed with the School's Finance Manager, subject to sight of the finalised School's Strategic Plan. The view of the School's Senior Leadership Team has been sought but has not yet been received. The planning process will be discussed with the Audit & Risk Management Committee so that the Audit Plan can be agreed at the April 2018 meeting of this Committee.

### **Delivery of Internal Audit Work**

4. The status of the 2017-18 Audit Plan is outlined at **Appendix 1**. The audit of Sundial Court Lease Renewal is complete and the outcome has been reported previously to this Committee. Delivery of two audits - Data Quality and Catering (including Student Bar) – are complete to draft report stage. Two audits, Strategic Planning and Income Generation, are to be carried forward to 2018/19. Internal Audit consultation is underway with the School's management to agree the detailed scope of the planned audit of Student Support.
5. At the request of this Committee at its January 2018 meeting, summary outcomes in respect of 2016-17 Internal Audit work are shown at **Appendix 2**. This information has been included to help provide an overview of audit coverage (actual and future intentions) for the five-year period from 2016-17 to 2020-21.

### **Other Relevant Assurance Work**

6. Delivery of the plan of corporate and key systems reviews across the City's departments is on-going, providing assurance over a range of arrangements relevant to the Guildhall School. A number of draft reports have been circulated in respect of corporate audits and a summary of audit outcomes will be reported to this Committee once these audits have been finalised and will include the detail of any recommendations made directly in respect of the Guildhall School.

### **Implementation of Audit Recommendations**

7. As at mid-April 2018, there are no live red priority recommendations and recent follow up enquiries have identified no movement in the live recommendations position from the January 2018 meeting of this Committee. There are seven live high priority recommendations, one of which is due for implementation in April 2018 and the other is overdue at the time of reporting. Five amber priority recommendations are not yet due for implementation.

8. Live recommendation details are shown in **Appendix 3** and reflect both original target implementation dates and the latest revised data, where one exists. Internal Audit will continue to liaise with all recommendation owners to determine the progress of implementation of outstanding issues, closing down the recommendations upon receipt of appropriate evidence.

### **Internal Audit Plan 2018-2019 and proposals to 2021**

9. The Internal Audit Plan 2018-19 and audit proposals for the two following years must be aligned to the Guildhall School's Strategic Plan and, as a result, the planning process has taken place later in the year than has previously been the case. As requested by the Principal, the annual and strategic audit planning process was undertaken with the GSMD Group Accountant to develop the detailed audit plan for 2018-19 and a statement of intent for the period to 31st March 2021; however, there has been no opportunity afforded to Audit to discuss audit coverage in relation to the Strategic Plan and Risk Register with the Principal and Senior Leadership Team as would normally be expected.
10. The Audit Plan (Appendix 4) was prepared using a risk-focused approach and taking into account the public interest governance principles which are key components of the Office for Students (OfS) regulatory framework.

### **Conclusion**

11. Delivery of the 2017-18 Audit Plan is ongoing. One audit has been completed, two are issued as draft reports and consultation is underway in respect of the scope of the remaining audit.
12. There are no live red priority recommendations as at mid-April 2018 and there are seven live amber priority recommendations, five of which are not yet due for implementation. Internal Audit will continue to liaise with recommendation owners to determine the status of implementation, obtain evidence to close down recommendations and obtain revised target dates for implementation where appropriate, updating Members of this Committee accordingly.
13. The draft Annual Audit Plan for 2018-19 and proposed audit coverage for 2019-2021 has been prepared using a risk-focused approach.

### **Appendices**

Appendix 1 Internal Audit Plan Status 2017-18

Appendix 2 Internal Audit Schedule of Work 2016-17

Appendix 3 Live Amber Priority Recommendations

Appendix 4 Draft 2018/19 Audit Plan and proposed audit coverage for 2019-2021

Pat Stothard, Head of Audit and Risk Management  
E: Pat.Stothard@cityoflondon.gov.uk