

School Audits Finalised since the September 2019 Internal Audit Update

Academic Programme Development – Substantial Assurance

1. On the basis of audit testing outcomes, an effective framework is in operation at the School for evaluation of the student programme offer to ensure that it remains relevant and in line with the School's Strategic vision and objectives. Audit testing confirmed that the framework includes mechanisms for identification of potential new courses and elimination of existing ones.
2. The School's Academic Regulatory Framework (ARF) sets out the arrangements for programme approval, amendment and review; control is primarily exercised in this area through Annual Programme Evaluations (APE), periodic review / revalidation, and via forums such as the Departmental Programme Board (DPB) and the Academic Board (AB). The effectiveness of the academic programme review and approval process forms part of an academic governance quinquennial review which is reported to the Board of Governors.
3. The School has established clear processes for developing new courses, including evaluation of financial viability, as encapsulated in the ARF and the documented Programme Design and Approval procedures. The introduction of new programmes is not a common occurrence and, as such limited audit testing was possible in terms of practical application. Internal Audit performed a 'process walkthrough' in respect of development of the BA in Video Design for Live Performance (VDLP) and confirmed compliance with the approved arrangements.
4. Audit testing confirmed that stakeholder engagement is a key focus of programme formulation and programme evaluation. The School's SMT, teaching staff and students are involved at programme formulation stage and, there is engagement with other stakeholders, such as prospective employers and alumni, as part of the proposal in principle, validation and revalidation stages. Additionally, validation and revalidation documents are scrutinised by a Panel made up of at least one external peer, a student, two members of the teaching staff of the School plus the Secretary and Dean of Students. Changes made to programmes must be approved by the DPB and AB before they are communicated to students. The School publishes the programme and module specification for each programme for the year (known as the Gold Copy) on the student portal and the School's website.
5. Audit testing confirmed that the School's Quality Assurance (QA) arrangements include regular and timely performance monitoring to evaluate whether programme delivery outcomes are as intended. The School's QA process, incorporating APE and Revalidation exercises, is reviewed periodically by the Academic Assurance Working Group, reporting to the Board of Governors.
6. Audit sample testing in respect of three current programmes confirmed that the performance monitoring process had been applied consistently and in line with approved arrangements. One further programme within the sample that was due for revalidation by the end of August 2019 had been given a one-year extension

by the AB in recognition of exceptional circumstances. Internal Audit was advised by the School that the Higher Education sector quality expectation is for revalidation at least every six years and that it is intended that this will be met for the programme; no audit recommendation has been made on this basis.

7. The Academic Board produces an annual report to the Board of Governors on academic strategy, standards, assurance and enhancement, as evidenced in respect of 2017-18 and interim updates for 2018-19 (the final report is due in November 2019). Internal Audit examination of Board meeting minutes confirmed that reports and action plans are received from the Academic Board which relate to continuous improvement of the student academic experience i.e. academic assurance - and student outcomes. It was noted that reporting in this area includes evidence from the School's periodic review processes as well as the outcomes of external peer and professional reviews, facilitating the provision of assurance.
8. No audit recommendations were made as a result of this audit.

Production Arts Student Petty Cash – Substantial Assurance

9. This audit was undertaken at the request of the School. While the audit review identified a number of opportunities to strengthen controls in relation to the operation of Production Art student petty cash, considering financial materiality and the relative ease with which the recommendations made can be implemented, a 'Green' assurance rating has been given.
10. The use of procurement cards to make purchases for production related supplies offers advantages over petty cash, for example providing a more secure means of holding funds and the facility to restrict the type of expenditure incurred. A recommendation has been made for the School to investigate the potential use of procurement cards by students for production-related supplies (Recommendation 1).

Issuing and Returning Petty Cash Funds

11. On the basis of discussions with the Cashier, together with inspection of petty cash records and sample testing, adequate arrangements are in place to ensure that petty cash funds are only issued to students where approval has been granted by one of three Lecturers in Production Management.
12. Further examination of petty cash records, including the petty cash tracker and petty cash log, together with sample testing, confirmed that adequate records are maintained to capture the detail of petty cash funds issued and returned, including signatures to reflect their movement.
13. Whilst the Cashier has established arrangements for requesting the return of petty cash funds, audit testing identified that such actions are not taken on a timely basis which increases the risk of loss of petty cash funds; a recommendation has been raised (Recommendation 3).

Verifying the Validity of Expenditure

14. Sample testing determined that arrangements are in place to verify the validity of expenditure incurred. Students are required to prepare summaries of expenditure, supported by receipts, and setting out the balance of petty cash funds returned. Expenditure summaries are subject to review and approval by one of the three Lecturers in Production Management to confirm that funds have been spent for legitimate purposes. Audit sample testing identified inadequate transaction descriptions related to fuel, train travel, food and drink, and a recommendation has been made to improve transparency and facilitate management review (Recommendation 5).

Reconciling Petty Cash Funds

15. Audit testing confirmed that reconciliation of petty cash funds is undertaken on a weekly basis. Testing highlighted the following opportunities to strengthen internal control for which amber priority recommendations have been made (Recommendations 6, and 7):

- The duties of managing and reconciling the petty cash float have been delegated to the Cashier and are therefore, not appropriately segregated, increasing the risk of error in administration;
- A temporary loan of £5,000 from the Barbican Centre cash float to increase the value of the Production Arts Student float was not accounted for correctly; the fund balance should have been recorded as £16,800 as opposed to the £11,800 shown on the reconciliations;
- There are no formal arrangements for approving increases to the value of the Production Arts Student petty cash fund, increasing the risk of misappropriation of petty cash funds.

Recording Petty Cash Expenditure

16. Audit testing confirmed the adequacy of established arrangements for recording petty cash expenditure within Oracle R12; once approved by one of the three Lecturers in Production Management, electronic versions of the expenditure summaries are provided to the Management Accountant to prepare journals for input into Oracle R12. Audit sample testing confirmed that petty cash expenditure transactions had been accurately recorded in Oracle R12.

Reimbursing Petty Cash Funds

17. Assurance cannot be provided that petty cash funds are replenished on a timely basis. Delays in reimbursing the petty cash fund have impacted cash flow and led to the need to loan cash from the Barbican Centre float, an amber priority recommendation has been made in this respect (Recommendation 9). There are, however, established arrangements to ensure that petty cash funds are only

reimbursed where approved by one of the three Lecturers in Production Management.

Security of Petty Cash Funds

18. Arrangements have been established to restrict access to petty cash funds to authorised personnel; unallocated funds are stored in the Finance Office safe and funds issued to students are required to be stored in safes located within the Student Production Office. A recommendation has been made to update the guidance to students to reflect the authorised arrangements for storage of floats, to minimise the risk to the security of cash (Recommendation 11).
19. All audit recommendations were agreed by Management for implementation by December 2019 at the latest.