

University Secretary's Office

Internal Audit:

Guidelines for managers

1. Purpose

- 1.1 The purpose of this paper is to provide guidance to managers when dealing with internal audits.

2. Background Information

- 2.1 Internal Auditors are appointed for periods of up to 5 years by the University Court which commissions a programme of work each year under the guidance of the Audit & Risk Committee. This work forms the basis of the statements of assurance that the Court is required to include in the annual report and accounts to confirm that our systems of internal control are robust. Internal audit reports also allows the Court to gain assurance that we are complying with various statutory requirements, demonstrating good practice in the way we do things, and securing value for money.
- 2.2 A detailed programme of work is agreed annually by the Audit & Risk Committee on a rolling three-year basis. This always includes a number of straightforward financial control audits, but is informed also by the key risks identified in the "Corporate Risk Register" which the executive generates and the Court approves each year. An outline timetable is then agreed which is designed to deliver a steady flow of reports to the Audit & Risk Committee, which normally meets only four times a year. That timetable is shared with all of the senior staff likely to be involved in the relevant audits.

3. The audit process

- 3.1 Each audit will involve a "Sponsor" who will be a member of ULT (or equivalent) with overall responsibility for the area being audited, and a "Co-ordinator" who will be a senior manager appointed by the Sponsor to lead the work internally.
- 3.2 The Sponsor will be asked to agree a detailed scope of work with the Auditors. Formally, this is then "signed-off" by the University Secretary as the internal audit contract manager.
- 3.3 The Co-ordinator will meet with the auditors and provide access to such information and staff as the auditors might reasonably require. The members

of staff to be interviewed are normally agreed as part of the project scope, and will generally include both providers and consumers or users of the services and processes being audited.

- 3.4 It is important to understand that the internal audit protocol establishes turnaround times for both parties. The auditors are required to issue a draft report within 15 days of the fieldwork concluding. The university is similarly required to approve management responses within 15 days of receiving the draft report.

4. Management comments

- 4.1 Draft reports are issued to the Governance Officer (Risk & Governance) in the first instance. They will then distribute the report to the relevant Sponsor and Co-ordinator for consideration and where necessary for discussion. These draft reports are also copied for information to the Principal and University Secretary.
- 4.2 If a draft report contains any factual inaccuracies, these should be discussed with the auditors at the earliest opportunity.
- 4.3 Each draft report will generally include a number of recommendations that require management responses. These responses should be drafted by the Co-ordinator and approved by the Sponsor. Formally, the management response will then be “signed-off” by the University Secretary as the internal audit contract manager.
- 4.4 Management responses should be *concise* (c.100 words max), *specific* in defining what will be done, *clear about who will be responsible* for ensuring that it is done (normally the Co-ordinator), and *realistic* about when exactly it will be done.
- 4.5 The normal expectation is that the Sponsor/Co-ordinator should be able, if necessary through discussion with the auditors, to begin each response with the word “agreed”. However, if it is not possible to reach agreement on the recommendations being made by the auditors - these reports are of course *their* reports to the Audit & Risk Committee - the management response should be clear that the relevant recommendation is “not agreed”, and there should be a concise and compelling explanation of the reasons for any such disagreement. Where appropriate, alternative actions might then be proposed to address the underlying issues.



4.6 Remember that any recommendations “not agreed” will be the subject of discussion and interrogation at the Audit & Risk Committee. Conversely, managers must be aware that anything that is “agreed” must then be done within the deadline proposed.

5. Action and follow-up reporting

5.1 Once recommendations have been agreed, the Sponsor and Co-ordinator must ensure that the relevant action is fully implemented by the agreed date, and must be able to demonstrate that this is so to the satisfaction of the auditors.

5.2 The Governance Officer (Risk & Governance) will ask each Sponsor/Co-ordinator for a progress report at least four times a year, and these responses will be used to compile a tracking report both for the executive and for the Audit & Risk Committee.

5.3 If any agreed recommendations have not been fully-implemented by the stated date this will be regarded by the Audit & Risk Committee as a serious matter requiring both an explanation and some further action. In certain cases, it may also be considered by the Principal to be a performance management issue.

5.4 Managers are reminded that they may be required personally to appear before the Audit & Risk Committee to account for any persistent failure adequately and timeously to address important issues, or any failure reasonably to engage with the auditors.

**G E Ingram
Governance Officer
(Risk & Governance)**

**G C Webber
University Secretary**

May 2015