

# Internal Audit at Royal Holloway, University of London



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# Our Team

## Introduction to Deloitte

Deloitte has been appointed to provide the Internal Audit service to Royal Holloway, University of London (RHUL), from 1 August 2013. Deloitte is one of the Big Four accounting firms and has a wealth of experience in the Higher Education Sector.

This guide sets out the service that we will provide, in partnership with the RHUL Internal Audit Manager (Kay Trinder), and the respective roles and responsibilities of our team and of management. The information included in this guide is intended to assist with the smooth delivery of our service. Please contact us if you would like to discuss any of the information included.

The internal audit service, on which this guide focuses, is led by Richard Evans, a Director who leads our Internal Audit services to Higher Education across the UK. Richard will also be your Head of Internal Audit for the delivery of the contract.



**Richard Evans (BA Hons, MA, CMIIA, LCFS)**

**Engagement Director**

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**E-mail:**

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Richard joined Deloitte in 1997 and is the Engagement Director with responsibility for leading the delivery of Internal Audit services across our higher education client base. Richard is the current Head of Internal Audit for the University of Cambridge, Imperial College, the London Business School and University of East Anglia, amongst others. Richard is a qualified internal auditor (CMIIA) with over 15 years higher education and wider public and private sector experience, including financial services.

Richard has overall responsibility for our service and will have an oversight on all work undertaken. Richard will be responsible for reporting to the Audit Committee and setting the overall direction of the service. He will undertake selected internal audit assignments and would be a point of contact for any potential fraud and/or irregularity issues.



**Richard Neal (BA Hons, CMIIA)**

**Engagement Manager**

**Tel : 07769 952078**

**E-mail:**

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Richard Neal is a Senior Manager within our Public Sector Internal Audit practice within Audit Advisory Practice. Richard has nine years' experience of delivering internal audit services, and in the last four years has focussed on development of our Internal Audit services to the Higher Education sector.

Richard qualified in 2006, obtaining the CMIIA qualification and runner-up to the Peter Hook Prize with the Chartered Institute of Internal Auditors, and is now an examiner for the Institute. Richard is also currently Engagement Manager at the University of Cambridge and St George's, University of London.

Richard is responsible for assisting in the development and communication of the Internal Audit Plan, profiling, planning and leading internal audit assignments, quality review of the internal audit, and presentation and reporting of the internal audit findings.



**Steven Amir (BSc,  
ACCA)**

**Field Manager**

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**Email:**

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Steven Amir joined Deloitte in 2011 and will assist Richard Neal in the delivery of the Internal Audit Plan, having recently qualified as an ACCA member in September 2013. Steven is also a qualified Project Management Practitioner (Prince2) and holds a First Class Honours in Accounting.

Steven works within the Higher Education sector within Deloitte and has completed work at the University of Cambridge; Royal College of Art; London Business School; St Georges; and University of London. Audits completed include: Research Award Management, Recruitment, Gift Acceptance, Data Quality and various key financial audits.

Steven will undertake a range of audit assignments, attending scoping and exit meetings and working with the Senior Auditors on site as part of our day to day delivery.



# What is Internal Audit?

The Higher Education Funding Council for England requires Higher Education Institutions to have an internal audit function.

The Institute of Internal Auditing, in their Standards for Professional Practice of Internal Audit, describes the role of Internal Audit as:

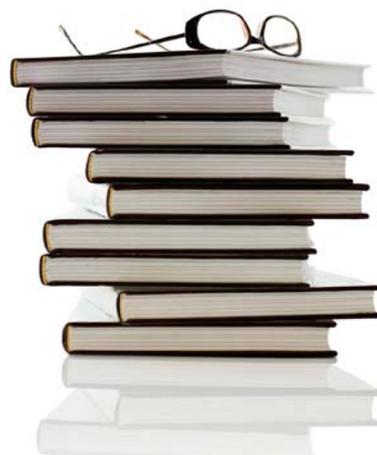
***“An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”***

We work to provide the Audit and Compliance Committee with an opinion on risk, control, governance and value for money on an annual basis. To do this we undertake a number of projects based on an agreed plan derived from some of the key risks to RHUL.

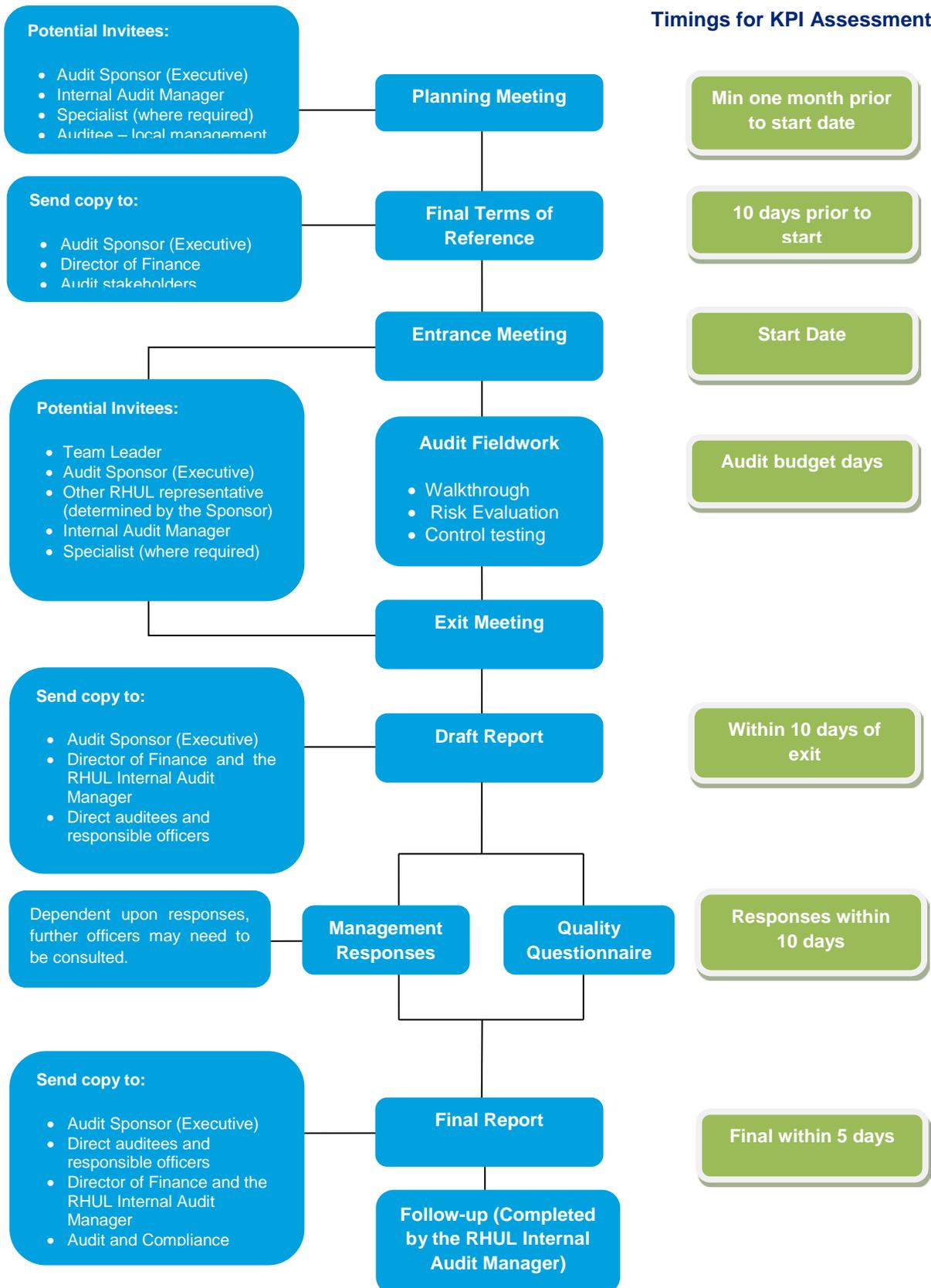
In our work we seek to provide assurance as to the operation of systems whilst also highlighting potential areas for improvement based on best practice and discussions with management, and we are often used to assist in changes to processes.

In terms of audit projects, there are a number of different types we may undertake:

- *Systems audits* – assessing the control systems in place within a specific area, to support the achievement of the areas objectives;
- *Compliance audits* – assessing compliance against an agreed set of standards, e.g. compliance with the Financial Regulations;
- *Project Management Assurance* – undertaking work to confirm that projects have appropriate controls in place to help ensure delivery;
- *Contract audit* – auditing large scale procurement projects and capital programmes, assessing compliance with best practice;
- *IT Audit* – assessing the IT control systems in place, including using specific software to assess the entire IT system, such as looking at system security for the Finance system;
- *Advisory projects* – at the request of management we may undertake work to provide advice as to new developments and what impacts the new processes and systems may have upon existing operations;
- *Thematic Work* – to be undertaken across a number of departments, identifying areas of good practice and producing an overall report for all areas of RHUL to learn from.



# Our approach to Internal Audit



# Authority and reporting lines

The scope of our work is set by RHUL's Audit and Compliance Committee. The Committee meets three times a year to discuss, among other things, the Internal Audit programme and to review the outputs of our work. The Chair of the Audit and Compliance Committee reports issues of fundamental importance to the Council.

Internal Audit has the right of access to any information/documentation held by RHUL.

A series of regular meetings are also held with senior RHUL staff:

- Termly progress meetings take place between the Director of Finance, Registrar and Secretary and the Engagement Manager and Engagement Director;
- Quarterly progress meetings between the RHUL Internal Audit Manager, Engagement Manager and Field Manager;
- Annual update meetings between the Engagement Director and the Principal; and
- The Engagement Director also has direct access to the Chair of the Audit and Compliance Committee, should it be required.



## Other assurance providers

Internal audit operates as part of a suite of assurance providers to you. At Deloitte we aim to ensure that your assurance providers adopt a 'joined up' approach to risk and assurance. As part of our work, we will meet with the external auditors to agree a process for on-going liaison, and will continue to do so regularly to discuss the plan and share the results of our work. In doing so we aim to minimise areas of duplicate assurance and identify potential areas where external audit may rely on our work. In these areas we work with external audit to structure our work, including documentation, specific tests and sample sizes, to meet their needs where practical.

# Planning and Involvement

## When will I be audited?

Our work plan for the year is defined in the annual internal audit plan which is approved by the Audit and Compliance Committee.

- The plan is designed to ensure that all RHUL departments participate in some form of audit over the course of our three year cycle. Most departments have contact with our team on more than one occasion over a three year period.
- At the beginning of the academic year, we will notify senior management in the areas scheduled for audit that they have been included in the annual audit plan. Where possible, we ensure that the timing of our audit assignment is convenient to you.

## Who is involved?

- The relevant Director and/or Head of the Department/ Faculty/ Institution/ Division takes overall responsibility for the audit (known as the audit sponsor).
- Daily liaison with our team may be delegated to another staff member but as a minimum, the audit sponsor is required to formally agree the scope of the work, attend key meetings and provide written management responses to the draft audit report.
- We agree a draft timetable with you, setting out:
  - The specific risk areas for review;
  - The people we may need to meet with;
  - How we will address any particular concerns you may have; and
  - Expected key dates for the audit, including completion and issue of our draft report.

## What is expected of me?

Your co-operation and assistance throughout the process will assist us to complete the work as efficiently as possible; thereby reducing the time we need to spend with you. It will also help us to undertake the work as effectively as possible, thereby helping to ensure that you gain as much value as possible from the audit.

The main areas in which we will need your co-operation and assistance are:

- In scheduling audits that have been agreed as part of the Annual Internal Audit Plan;
- In identifying and agreeing the specific scope for each individual internal audit;
- In making key staff and documentation available to us during the scheduled dates for the audit fieldwork; and
- In responding to Draft Reports, with full management responses to each of the recommendations, within the specified deadlines.

# Ad Hoc Requests

## Reasons for Additional Work

As referred to above, there are a number of different types of Internal Audit work which are completed as part of the Annual Plan. Although we determine the coverage based on a number of requirements, we also include an element of our work programme for ad hoc requests for Internal Audit involvement.

There are a number of reasons for request for additional audit work, for example:

- Advice on risk and control in respect of project work, either in providing assurance around project management arrangements or attending project boards;
- Advice on risk and control in relation to new developments in systems and processes, where it is useful to obtain an independent perspective on the implications on system changes;
- Internal audit work into areas which are highlighted as a potential concern by officers and/or management; and
- Consideration of benchmarking exercises with other relevant organisations.

## Making Requests

Should you wish to request a specific Internal Audit into an area or Internal Audit involvement, please contact Richard Evans or Richard Neal to discuss.

Contact details are provided at the start of this document.



# Reporting and Follow Up

## Draft report

Our draft report is sent to the audit sponsor. The report is issued within 10 working days of the closing meeting held at the end of the audit. We require formal written responses and clarification of the accuracy of our findings as well as an action plan, including responsibilities for action, and timescales. Responses are required within 10 working days of receipt of the draft report.

In the event that we are unable to obtain a response from the relevant manager by the specified deadline and following further chasing, the report will be escalated to the relevant Assistant Director or Director for addressing. Ultimately you may be asked to report directly to the Audit and Compliance Committee, if a response is not provided.

## Ratings of individual recommendations

Each recommendation is graded as Priority 1, 2, 3 or 4. This defines the importance of the recommendation.

**Priority 1** recommendations are those which are fundamental to RHUL, for the attention of senior management and the Audit and Compliance Committee;

**Priority 2** recommendations are those which are fundamental to the area subject to audit, for the attention of local and senior management.

**Priority 3** recommendations are those which are important to the area subject to audit, to be addressed by management within that area.

**Priority 4** recommendations are administrative issues, either from a best practice perspective or to address minor non-compliance with existing control systems.

## The opinion

The opinion we give in our report summarises our overall view of the design of the controls for the audit area and how well those controls are functioning. Our opinion, i.e. the level of assurance that we are able to provide on the adequacy and effectiveness of controls, is also graded as full, substantial, limited or nil.

## Final Report

This is a formal record of the findings and recommendations from the audit, including management responses. The final report is issued within 10 working days of receipt of management responses. It is agreed with the Audit Sponsor and is presented to the Audit and Compliance Committee.



## Follow Up

A key aspect of the Internal Audit Plan is effective follow up work to check that recommendations are implemented and that the risks are being addressed. Follow up of recommendations will be completed by the RHUL Internal Audit Manager (Kay Trinder, Kay.Trinder@rhul.ac.uk). The timing of follow up will depend on the significance of the recommendation concerned. The process that will be utilised is detailed in the below chart:





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