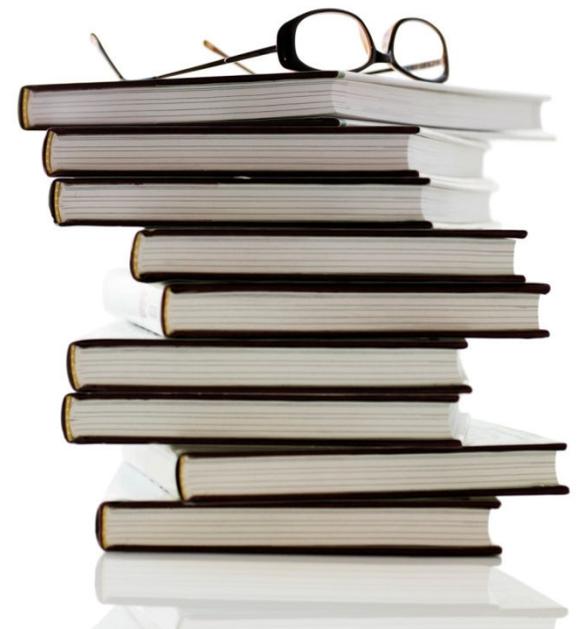


University of East Anglia.

Audit Plan 2010/11-2012/13

November 2010



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Executive Summary

We have developed our planning in stages as shown diagrammatically below. This paper summarises the proposed Internal Audit activity for the period 2010/11-2013/14 and includes the draft scopes of work to be undertaken for the 2010/11 year, and we request the approval of the Plan from the Committee. The steps taken to prepare the plan are summarised below:



Key to the internal audit coverage is to ensure that we fulfil the requirements of the HEFCE Financial Memorandum as well as the wider regulatory environment including work to support the Head of Audit Opinion in respect of Risk Management, Internal Control, Governance and Value for Money. The Strategic Risk Register has also been used as a key driver to determine audit coverage and as the risk profile changes we will reassess our coverage.

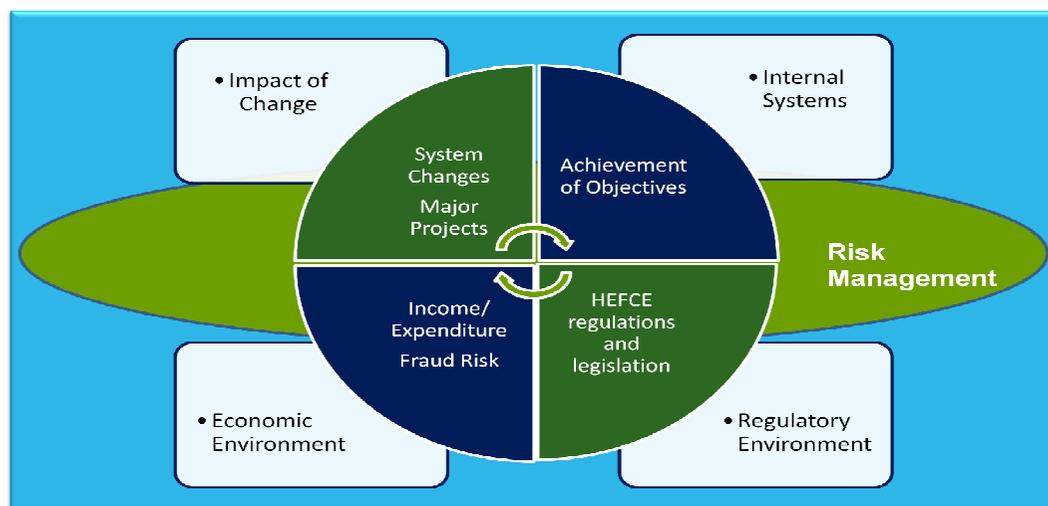
Areas of Risk Consideration

Change is a key factor in risks to systems and as such, Internal Audit will be focused on areas of significant change and new projects within the University, focusing in 2010/11 upon the restructure which is currently in progress, with specific days allocated to adequacy assessments of the new control systems being introduced. This enables Internal Audit to provide risk and control advice at the developmental stage of new processes rather than after the systems have been implemented, including the work being undertaken in respect of Research Awards. In our discussions with management we have also sought to consider the wider economic environment in which the University operates and the linkages with the external environment, further detail in respect of the

determinant factors has been included at Appendix 5. A key factor in the University's links with the external environment is the response to the "Climate Gate" issue. We are aware of the considerable work and reviews that have been undertaken in this area and as such have scheduled work to follow up the actions taken by the University to provide independent assurance in this area, to be undertaken later in the year to allow the actions to be completed. It is also key to note that the Internal Audit plan will be subject to change dependent upon any changes in the funding and regulatory arrangements in place following the publication of the spending review in October, including any potential changes introduced in respect of tuition fees. It is noted that certain key risks, such as the Critical Risk 1 – Significant changes in HEFCE funding, are inherent in a number of projects, such as the adequacy reviews to be conducted in order to realise efficiencies in process and our coverage will be continue to be reviewed as the risk position changes.

The diagram below summarises the factors that have been included in the risk assessment.

Diagram 1: Internal Audit Risk Environment



Appendix 1 – 2010/11 Audit Plan

Overview of coverage contained within the plan

A number of the audits to be completed have been determined by the requirements set out in the HEFCE Financial Memorandum, whilst also linking to key risks set out in the risk register. For the financial systems, we are taking a three year approach to the auditing of the key financial systems, which will be agreed with External Audit as part of our set up process. In the table below we have included reference to the rationale for the inclusion of the audits during 2010/11, this is either determined by the element of the Strategic Risk Register and/or reference to the factors listed at Appendix 3. We would highlight that over three years we intend to cover all strategic risks where audit work is appropriate, although for a number of risks the audit work may address elements of the risk or indirectly link to the key risk area. For the attention of the Committee we have summarised at Appendix 2 the Strategic Risks as at June 2010 and the proposed audit coverage where relevant. This will be reviewed as the Strategic Risk Register of the University is reviewed by management.

The audit plan for 2010/11 comprises 14 projects; the overall composition of the plan is detailed in the table below:

Area Subject to Audit	Type of Work	Days	Area Subject to Audit	Type of Work	Days
Governance, Strategy and Planning	Systems	7	Support Service/ Other	Systems	36
	Value for Money	12	Information Technology	Systems	25
Academic/ Academic related	Systems	9	Contract Management		12
Internal Audit Advisory	Adequacy Review	20	Follow Up	Verification work	6
Finance	Systems	33	Overall Total		160

Appendix 1 – 2010/11 Audit Plan

Source of Audit	Internal Audit	Internal Audit Timing	Proposed Reporting to Committee	Audit Days	High level scope/ focus of the work
Governance, Strategy and Planning					
HEFCE Regulatory, Risk 1 – Significant changes in HEFCE funding; Achievement of objectives	Risk Management		May 2011	7	Focus of the audit work will be a high level review of the risk management process to support the Head of Internal Audit opinion. Key areas of focus will be: <ul style="list-style-type: none"> Starting point for risk management; Engagement with stakeholders; Monitoring and review of risks; and Action plans to address emerging risks.
HEFCE; External Regulatory environment	Data Quality		May 2011	5	Audit work will be conducted to support the opinion to be given by the Audit Committee in respect of Data Quality. To be scoped based on work completed during 2009/10 and the comments on the Committee on their requirements.
Governance, Strategy and Planning Sub Total				12	
Academic or Academic Related					
Key Organisation Project; Area of significant change; Risk 1 – Significant changes in HEFCE funding; Risk 15 – Shortfalls in Research Grant Income; Risk 4 – Failure to secure significant reputation and financial advantage from embedding IFR/ JIC	Adequacy Reviews		May 2011	20	Focus of the audit will be upon changes to the systems from reorganisation, including Research Services. We envisage undertaking a number of staged reviews throughout the year.
Risk 2 – Significant failure to meet overseas targets; External Economic;	International Student Recruitment		May 2011	7	Focus of the audit will be upon the key controls to manage the recruitment of international students, including: <ul style="list-style-type: none"> Strategy and planning;

Appendix 1 – 2010/11 Audit Plan

Source of Audit	Internal Audit	Internal Audit Timing	Proposed Reporting to Committee	Audit Days	High level scope/ focus of the work
Income/Expenditure					<ul style="list-style-type: none"> • Receipt of enquiries; • Enquiry to application process; • Selection and offer stage; • Tier 4 requirements; and • Relationship with International Agents.
Risk 6 – Building the Reputation of NBS, Risk 13 – Performance of INTO London	Joint Ventures		May 2011	10	Focus of the audit work will be upon the key governance and controls systems established by the University and measures in place to manage financial and reputational risk for the University.
Academic and Academic Related Sub Total				37	
Financial Systems					
HEFCE; Risk 5 – Significantly increased pension costs; Income/ Expenditure	Budgetary Control		November 2011	8	Focus of the audit will be upon the centralised procedures in place, including: <ul style="list-style-type: none"> • Budget setting and reporting; • Management of over/underspend; • Monitoring and reporting.
HEFCE; External Regulatory environment	TRAC		November 2011	5	The focus of the audit will be upon the systems in place to apply TRAC, checking key controls identified in the completion of required returns.
HEFCE; Income/Expenditure; Fraud Risk	Payroll		November 2011	8	Focus of the audit to be upon the key aspects of the Payroll function, including: <ul style="list-style-type: none"> • Starters; • Amendment to standing data; • Processing; • Reconciliations and verification of Payroll; • Leavers; • Identifying overpayments.

Appendix 1 – 2010/11 Audit Plan

Source of Audit	Internal Audit	Internal Audit Timing	Proposed Reporting to Committee	Audit Days	High level scope/ focus of the work
HEFCE; External economic environment; Income/Expenditure; Fraud Risk	Accounts Receivable (Tuition Fee and Non Tuition Fee debt)		November 2011	10	Focus of the audit will be upon the management of non tuition fee debt due to the University, including: <ul style="list-style-type: none"> • Identification of income due; • Invoicing; • Debt reporting and follow up; • Escalation procedures; • Write offs.
External Regulatory	General Ledger		November 2011	5	Focus of the audit will be upon the management of the ledger, including: <ul style="list-style-type: none"> • Feeders systems reconciliation; • Journals/manual adjustments; • Access; • Suspense account.
Finance Sub Total				36	
Support Services and Other Internal Control					
Risk 9 – Failure to recruit and retain key staff	Sickness Absence		February 2011	8	Focus of the audit will be upon sickness monitoring and reporting, along with the impact of sickness on subsequent class changes.
Risk 3 – Slippage in the Times League Table; Risk 10 – Major problems in key academic buildings and services; Income/Expenditure	Estates Management		May 2011	10	Focus of the audit will be upon the new structures, resource planning and maintenance programme, taking account of the results and issues raised in the 2009/10 five-year condition survey.
Income/Expenditure; External economic environment;	Catering		February 2011	7	Focus of the audit will be upon the systems and processes in place for conference bookings and rates.
External economic environment; Fraud Risk	Purchasing and Stores		May 2011	5	Focus of the audit will be upon the stores operated by the Faculty of Science.

Appendix 1 – 2010/11 Audit Plan

Source of Audit	Internal Audit	Internal Audit Timing	Proposed Reporting to Committee	Audit Days	High level scope/ focus of the work
Support Systems and Other Internal Control Total				30	
Information Technology					
Risk 3 – Slippage in the Times League Table;	Student Records System Application		May 2011	10	Focus of the audit will be upon assessment of the system implemented in 2004.
Risk 1 – Significant changes in HEFCE funding	Finance System Application		May 2011	10	Focus of the audit will be upon the key application controls in operation, including logical access, backs ups and recovery and the usage of the system.
External Regulatory environment	Nursery Management System		February 2011	5	Focus of the audit will be upon system controls around information held on minors, including system security and management of data.
Information Technology Total				25	
Value for Money					
Risk 3 – Slippage in the Times League Table; External Regulatory environment	Climate Gate Follow Up	June 2011	Nov 2011	5	Focus of the audit will be upon implementation of the action plan completed by the University in response to the reviews undertaken.
Value for Money Total				5	
	Contract Management			10	Including attendance at Audit Committee, liaison with management and management teams.
	Follow Up			5	Follow up and reporting of significant recommendations, summary to be presented at year-end Audit Committee meeting as part of the Internal Audit progress report.
Overall Total				160	

Appendix 2 – Strategic Risk Register Audit Approach

Risk Register – Approach to Audit

Risk	Internal Audit Reference	Comments/ Summary to Approach
Risk 1 – Significant changes in HEFCE funding	Risk Management; Adequacy Reviews; Financial Systems	Internal Audit work will focus on the actions taken by the University to manage financial risk within systems and operations and any changes to systems as a result of the requirement to make savings.
Risk 2 – Significant failure to meet overseas targets	International Student Recruitment (2010/11); INTO UEA Programmes	Internal Audit to focus on the systems in place to manage the recruitment of International Students. In addition, this will be considered as part of the INTO UEA audits to be completed on an annual basis, to cover all programmes across three years.
Risk 3 – Slippage in the Times League Table (TLT)	Estates Management (2010/11); Student Experience (2011/12); Data Quality (Annual); DPA/FOI Compliance (2011/12)	Internal Audit work will cover key aspects which support the TLT assessments, linked to provision of facilities and the Student Experience. Reputation over Data Quality and information issued by the University. This will not cover all aspects of the risks. Key assurances to be derived from management.
Risk 4 – Failure to secure significant reputation and financial advantage from embedding IFR/ JIC	Adequacy Reviews (2010/11)	Internal Audit work will consider the developments in systems regarding the Research Awards process. Further assurances to be derived from management and potential future coverage to be reviewed.
Risk 5 – Significantly increased pension costs	Budgetary Control (2010/11)	Internal Audit work will focus on the indirect aspect of the potential impact upon budgets of increased pension costs. Key factors to mitigate the risk are policy decisions and will not be subject to audit.
Risk 6 – Building the reputation of NBS	INTO UEA Programmes	To be considered as part of the INTO UEA audits to be completed on an annual basis, to cover all programmes across three years.
Risk 7 – Performance of the Advancement Campaign	Advancement Campaign (2011/12)	The audit work will review the structures established to support the Advancement campaign, including the strategy, key actions, lessons learnt and future developments.
Risk 8 – Reduction in	Partnerships	Audit work is to be conducted in respect of key partnerships, how they are set up, governance

Appendix 2 – Strategic Risk Register Audit Approach

Risk	Internal Audit Reference	Comments/ Summary to Approach
SHA Teaching contracts	(2011/12-2012/13)	arrangements and income generation. Coverage will be reviewed in light of clarify regarding the appointment process for NHS contracts following restructure of the NHS.
Risk 9 – Failure to recruit and retain key staff	Sickness Management (2010/11); Recruitment and Retention (2011/12)	Audit work to focus on key areas of HR activity. Sickness management is included as an indirect form of assurance due to the issues in not tackling sickness in the workforce and the impact this has upon staff retention and the workforce.
Risk 10 – Major problems in key academic buildings and services	Estates Management (2010/11); Space Management (2012/12); Planned and Reactive Maintenance (2011/12); Accommodation (2012/13)	Internal Audit work to focus on all key aspects of the management of buildings and space for University purposes. Coverage to be reviewed annually.
Risk 11 – Maintaining our QR Income	-	Assurance to be derived from management. Internal Audit coverage to consider Research Awards process. Specific projects may be requested.
Risk 12 – Performance of INTO Norwich	Joint Ventures (2010/11)	Audit work to consider the governance arrangements from the University perspective in terms of Joint Ventures and Partnerships, audit work to be undertaken by the INTO Ventures own teams, with liaison between the services as required.
Risk 13 – Performance of INTO London	Joint Ventures (2010/11)	Audit work to consider the governance arrangements from the University perspective in terms of Joint Ventures and Partnerships, audit work to be undertaken by the INTO Ventures own teams, with liaison between the services as required.
Risk 14 – Performance of UCS	Partnerships; Accommodation (2012/13)	Audit work is to be conducted in respect of key partnerships, how they are set up, governance arrangements and income generation. Accommodation to be subject to audit in respect of UUK guidance timelines.
Risk 15 – Shortfalls in Research Grant Income	Adequacy Review (2010/11)	Audit work to consider the research awards processes being introduced. Further audit work to be reviewed annually.

Appendix 3 – Three Year Plan

Source of Audit	Internal Audit	Priority	Year		
			10/11	11/12	12/13
Governance, Strategy and Planning					
HEFCE Regulatory; Risk 1 – Significant changes in HEFCE funding; Achievement of objectives	Risk Management	High	7		
HEFCE; External Regulatory	Data Quality	High	5	5	5
Risk 1 – Significant changes in HEFCE funding; Achievement of objectives; External Regulatory	Governance	High		8	
Risk 8 – Reduction in SHA Teaching contracts; Risk 14 – Performance of UCS; Achievement of objectives	Partnerships	High		10	10
Risk 3 – Slippage in the Times League Table	Reputation/Branding	Medium			7
Risk 7 – Performance of the Advancement Campaign; External Regulatory;	Advancement Campaign	Medium		8	
Risk 3 – Slippage in the Times League Table	DPA/FOI compliance	Medium		5	
	Business Continuity Planning/ Emergency Planning	High			10
Academic or Academic Related					
Risk 1 – Significant changes in HEFCE funding; Risk 4 – Failure to secure significant reputation and financial advantage from embedding IFR/ JIC; Risk 15 – Shortfalls in Research Grant Income; Risk 4 – Failure to secure significant reputation and financial advantage from	Adequacy Reviews	High	20	10	

Appendix 3 – Three Year Plan

Source of Audit	Internal Audit	Priority	Year		
			10/11	11/12	12/13
embedding IFR/ JIC					
Risk 2 – Significant failure to meet overseas targets; External Economic	International Student Recruitment	High	7		
Risk 2 – Significant failure to meet overseas targets Risk 6 – Building the Reputation of NBS Risk 12 – Performance of INTO Norwich Risk 13 – Performance of INTO London	JV Audit	High	10		10
External Economic; Income/Expenditure	Student Recruitment	High		8	
Risk 10 – Major problems in key academic buildings and services; Income/Expenditure	Space Management	Medium			7
External Regulatory	Records Management	Medium			5
Risk 3 – Slippage in the Times League Table	Student Experience	High		8	
Income/Expenditure	Department compliance audits	Medium		10	10
Financial Systems					
HEFCE; Risk 5 – Significantly increased pension costs; Risk 1 – Significant changes in HEFCE funding; Income/Expenditure	Budgetary Control	High	8		8
External Regulatory	General Ledger	Medium	5		
HEFCE; Income/Expenditure	Payroll and Expenses	High	8	6	
Income/Expenditure; External Economic, Fraud	Accounts Receivable	High	10		5

Appendix 3 – Three Year Plan

Source of Audit	Internal Audit	Priority	Year		
			10/11	11/12	12/13
Risk					
Income/Expenditure; External Economic Environment	Accounts Payable	Medium		5	
Income/Expenditure; External Economic Environment	Investment Management	Medium		5	
Income/Expenditure; External Economic Environment	Leasing	Medium		5	
External Regulatory	TRAC	Medium	5		
Support Services and Other Internal Control					
Risk 9 – Failure to recruit and retain key staff	Sickness Absence	Medium	8		
Risk 9 – Failure to recruit and retain key staff; Achievement of objectives	Recruitment and Retention	Medium		7	
Risk 3 – Slippage in the Times League Table; Risk 10 – Major problems in key academic buildings and services; Income/Expenditure	Estates Management	High	10		5
Risk 3 – Slippage in the Times League Table Risk 10 – Major problems in key academic buildings and services	Planned and Reactive Maintenance	Medium		8	
Income/Expenditure	Catering	Medium	7		
External economic environment; Fraud Risk	Purchasing and Stores	Low	5		

Appendix 3 – Three Year Plan

Source of Audit	Internal Audit	Priority	Year		
			10/11	11/12	12/13
External economic environment; Income/Expenditure	Student Loans	Medium		7	
HEFCE; Income/Expenditure	Anti-fraud	Medium			7
External Regulatory	Health and Safety	Medium			10
	Marketing	Medium			8
Risk 10 – Major problems in key academic buildings and services Risk 14 – Performance of UCS	Accommodation	Medium			8
Information Technology					
Achievement of objectives; External Regulatory	Student Record System Application	High	10		
Achievement of objectives; External Regulatory; Income/Expenditure	Finance System Application	High	10		
External Regulatory	Nursery Management System (IT)	Medium	5		
	IT work To be scoped annually			20	20
Value for Money	Carbon Management	Medium		10	
Risk 3 – Slippage in the Times League Table; External Regulatory environment	Climate Gate Follow Up	High	5		
Income/Expenditure	Procured /commercial Services	Medium			10
Follow Up			5	5	5
Management and liaison			10	10	10
Total			160	160	160

Appendix 4 – Role of Internal Audit

The Role of Internal Audit

The prime responsibility of the internal audit service is to provide the Board of Trustees, the designated officer and managers within the University with assurance on the adequacy and effectiveness of risk management, control and governance, and value for money arrangements.

A key responsibility of the Audit Committee is to prepare a report for the University, providing the Committee's opinion on the adequacy and effectiveness of the University's arrangements for risk management, control and governance, and value for money. The opinion will be based on information presented to the Committee, a key component of which is the work of internal audit.

Purpose of the Internal Audit Plan

This draft Internal Audit Plan covers the period 1 August 2010 to 31 July 2013. The purpose of this Internal Audit Plan is to define the programme of work which will:

- Provide Council, through the Audit Committee, with an opinion covering 1 August 2010 to 31 July 2011 on the University's risk management, control and governance and value for money arrangements to support the preparation of the Statement of Internal Control;
- Audit the University's risk management, control and governance and value for money arrangements through annual audit plans, which give priority to the University's objectives and risks;
- Identify potential improvements to the University's risk management, control and governance and value for money arrangements by providing management with recommendations arising from our audit work;
- Identify the audit resources required to achieve an audit service which would meet both HEFCE's 'Audit Code of Practice' and the 'Government Internal Audit Standards' (GIAS); and
- Provide effective co-operation with the University's external auditors.

Appendix 5 – Assessment Factors

Internal Risk Factors	
Achievement of Objectives	<i>Key to the role of Internal Audit is providing reasonable assurance that the control systems will achieve their objectives. In terms of determining audit coverage, a key consideration is therefore the priority of the area in working towards the overall objectives of the organisation.</i>
Compliance with legislation	<i>A primary role of Internal Audit is in ensuring that systems and processes comply with relevant legislation and standards, internal and external.</i>
Income/ Expenditure	<i>In terms of allocating scarce resources, it is key that the significance of the individual area to the overall financial position of the organisation is taken into consideration. Areas of significant income and expenditure may also be required to be subject to internal audit coverage as part of the work with External Audit.</i>
Changes to the organisation	<i>For significant changes to the way on which the organisation operates there is an increase in risk to delivery of systems to meet their objectives, potentially also impacting upon people and their effectiveness. Internal Audit can play a key role in this area through assessing the adequacy of proposed changes and assessing the risk implications of the new control systems.</i>
Key Organisational Projects	<i>Providing assurance regarding the systems in place to deliver key projects helps to ensure that resources are being utilised effectively. In addition, Internal Audit may perform a role in respect of providing risk and control advice throughout the duration of the project.</i>

External Risk Factors	
Economic	<i>The wider economic environment and the implications for the area subject to audit are key to the determination of the relative need for assurance within the area. The current economic climate has implications for all aspects of the organisations operations, from income collection, recruitment and retention of students, funding cuts and reduction in commercial income for research and associated activities.</i>
Regulatory	<i>As the regulatory environment changes the audit coverage needs to both consider and adjust to the requirements on a continuous basis. This may be as a result of changes by HEFCE, such as to the Financial Memorandum or the implications of any changes brought about by central government.</i>
Fraud Risk	<i>Within the current economic climate it is recognised that there is potential for fraud to significantly increase, this may be by staff, students or parties external to the organisation. Reflecting internal audit work to areas of potential fraudulent activity contributes to the management of fraud risk.</i>
Risk Management	
Corporate Risk Register	<i>The significant risks identified by senior management should also form a key focus of internal audit activity to ensure that actions are in place to manage the risks and to provide assurance as to the actions identified as being in place. This may involve a number of different approaches by Internal Audit, from standard systems work to providing advice in terms of proposed control actions to address the risks.</i>
Difference between inherent and residual risk	<i>A further consideration is to assess the areas in which controls have been identified as being significant to the management of risk. This may align to the inherent risks as above, but provides a clear priority for internal audit work, focusing on the control systems as being identified of most significance to the University.</i>

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

St Albans

September 2010

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