Queen Mary
UNIVERSITY OF LONDON

Internal Audit Annual Report 2023–24

Outcome requested:	The Committee is asked to **consider** the final draft of the internal audit annual report for 2023–24.
Executive Summary:	A primary purpose of our work is to support the Audit and Risk Committee discharge its responsibility for preparing an annual report that "should include the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies". We provide a detailed summary of the controls we have tested and our conclusion on the effectiveness of their operation within the areas the Committee is required to report on to support the Audit and Risk Committee with its responsibilities to provide an opinion.
	Our original 2023/24 plan included the delivery of nine reviews with nine completed to date, with some testing for the course quality assurance taking place after the year end as new controls are being implemented. The plan was delivered as agreed by the Audit and Risk Committee on 28 September 2023. The plan was delivered without amendment.
	We have raised 26 management actions in the course of the reviews we have delivered in 2023/24. At the time of drafting, three reviews were issued in draft with a further 12 management actions raised. We raised no high priority actions in the period as part of the Internal Audit plan. Six high priority actions were raised during our review of Degree Apprenticeships. This was delivered outside of the Internal Audit plan, however, was overseen by the Internal Audit team. At year end, all six of these management actions had fallen due and were confirmed as implemented.
	There have been no updates to the annual report since the Committee reviewed the draft in September.
QMUL Strategy:	Internal audit supports all areas of the strategic plan.
Internal/External regulatory/statutory reference points:	The CUC Audit Committees Code of Practice
Strategic Risks:	Compliance
Equality Impact Assessment:	N/A

Subject to prior and onward consideration by:	N/A
Confidential paper under FOIA/DPA	No
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Date	01 November 2024
Senior Management/External Sponsor:	Jonathan Morgan, Chief Governance Officer and University Secretary

Annual Report 2023/24

Queen Mary, University of London

KPMG Internal Audit and Enterprise Risk Management

August 2024

Content

Distribution list

For information:

Audit and Risk Committee

01 Executive summary

Basis of reporting	A primary purpose of our work is to support the Audit and Risk Committee discharge its responsibility for preparing an annual report that "should include the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies". We provide a detailed summary of the controls we have tested and our conclusion on the effectiveness of their operation within the areas the Committee is required to report on to support the Audit and Risk Committee with its responsibilities to provide an opinion. There are two sets of internal audit standards within the UK (which are closely aligned). Public Sector Internal Audit Standards, which are produced by the Treasury and require a Head of Internal Audit Opinion. Universities are not included within the list of bodies required to apply those standards. Therefore our services should be delivered with reference to the standards formulated by the Chartered Institute of Internal Audit, these standards are applied to other regulated industries and commercial bodies within the UK and do not require a Head of Internal Audit Opinion.
Planned Audit Coverage and Output	Our original 2023/24 plan included the delivery of nine reviews with nine completed to date (albeit for our review of course quality assurance some testing is taking place after the year end as new controls are being implemented for the first time). The plan was delivered as agreed by the Audit and Risk Committee on 28 September 2023. The plan was delivered without amendment.
Management Actions Raised	We have raised 26 management actions in the course of the reviews we have delivered in 2023/24. At the time of drafting three reviews were issued in draft with a further 12 management actions raised. We raised no high priority actions in the period as part of the Internal Audit plan. Six high priority actions were raised during our review of Degree Apprenticeships. This was delivered outside of the Internal Audit plan, however, was overseen by the Internal Audit team. At year end all six of these management actions had fallen due and were confirmed as implemented.
Performance of Internal Audit	The KPMG internal audit service has complied with the standards as issued by the Chartered Institute of Internal Auditors since our appointment. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000. The University is accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The objectives of Internal Audit are to assist all levels of your management and the Audit and Risk Committee in the effective discharge of their responsibilities relating to risk management and internal control by providing you with appraisals, management actions, and other relevant information concerning your activities. That is achieved through delivery of an annual internal audit report that can be used by you to inform your governance statement. The annual report does not imply that the coverage of internal audit has covered all risks and assurances relating to the College.
Independence	As part of our provision of the annual report we provide confirmation of our independence. In providing that confirmation we confirm that we have considered other work and relationships we hold with the Trust. During 2023/24 KPMG delivered tax services to the University. The tax work completed is a VAT savings review and the value of work is £100k over the course of a two year period. The work is completed by the tax advisory team and therefore is not undertaken by members of the Internal Audit team. We confirm this has not impacted our independence.

Coverage and management actions raised

We completed the following reviews during the year:

	Internal audit	Assurance rating	Management actions accepted			
			H	**M**	**L**	**Total**
01/23	Student experience	Partial assurance with improvements required	-	4	3	**7**
02/23	Research overheads recovery	Significant assurance with minor improvement opportunities	-	2	3	**5**
03/23	KEF data	Significant assurance with minor improvement opportunities	-	2	3	**5**
04/23	Graduate outcomes	Significant assurance with minor improvement opportunities	-	2	2	**4**
05/23	Core financial systems – accounts payable	Significant assurance with minor improvement opportunities	-	2	2	**4**
06/23	Data Futures	Significant assurance	-	-	1	**1**
07/23	Faculty governance – business continuity	Partial assurance with improvements required	-	3	-	**3**
08/23	Course quality assurance	Interim: Partial assurance with improvements required	-	2	2	**4**
09/23	Staff engagement	Significant assurance with minor improvement opportunities	-	3	2	**5**
Total actions raised			**-**	**15**	**16**	**31**

Management actions from the current year and prior year are summarised as follows:

Status	Management actions			
	H	**M**	**L**	**Total**
Total carried forward from previous periods	0	20	13	33
Add: new management actions raised and accepted during the period	6	24	21	51
Remove: management actions implemented during the period	(6)	(21)	(8)	(35)
Total current outstanding management actions	**0**	**23**	**26**	**49**
Of which are overdue	-	14	7	21

Internal audit work in relation to core reviews

Background

This summarises the assurances the Audit and Risk Committee has received from internal audit work in discharging its responsibilities and meet the recommendations of the Handbook for Members of Audit and Risk Committees in Higher Education Institutions: Committee of University Chairs. The Audit and Risk Committee need to be able to communicate that it understands how its responsibilities are met and fulfilled. The Committee is responsible for preparing an annual report that should include the Committee's opinion of the adequacy and effectiveness of the institution's arrangements for risk management, control and governance, sustainability, economy, efficiency and effectiveness (value for money) and the quality of data submitted to regulatory bodies.

Internal Audit Review	Controls tested	Summary of findings
Risk Management - Overall findings on design showed controls are effectively designed and our testing showed controls are operating effectively.		
Graduate Outcomes	The Senior Executive Team (SET) reviews graduate outcomes and KPI updates annually.	• Testing confirmed that this control was operating effectively in the period with no issued noted.
Research overheads recover	Monitoring of key risk nine undertaken and reported to Senior Executive Team and Audit and Risk Committee.	• Testing confirmed that this control was operating effectively in the period with no issued noted.
Staff Engagement	An annual report is produced by the HR Director and Planning Manager to SET outlining the Staff Engagement KPI.	• Testing confirmed that this control was operating effectively in the period with no issued noted.
Control and governance – Overall findings on design showed that controls are effectively designed. Testing showed controls are operating effectively, however some could more consistently applied, in particular in relation to the documentation of actions and meeting outcomes.		
Student Experience	Termly reports on action plans are presented to NSS Task Force.	• Testing confirmed that this was undertaken. – Action tracking could be improved through the allocation of action due dates. The resulted in one low priority finding.
	Monthly Faculty Dean of Education Advisory Groups discuss progress against action plans.	• Testing confirmed that at the design of the governance in place was effective to support the monitoring of student experience.
	Faculty Education Committees discuss student experience monthly.	– Sample testing of the meetings of the School Student Staff Liaison Committees, Faculty Dean of Education Advisory Group and University Task Force meetings identified that whilst actions were captured within those meetings, these did not have due dates assigned which would support greater accountability over actions. This resulted in one low priority finding.
	Student Staff Liaison Committees meetings undertaken on a monthly basis.	

Internal audit work in relation to core reviews

Internal Audit Review	Controls tested	Summary of findings
Control and governance (continued)		
Graduate Outcomes	School Committees monitor the performance of career services and action plan on an annual basis.	– Testing of a sample of School Partnership Agreements identified that whilst actions are established and are assigned to either the School team or the Careers and Enterprise team, the agreements are not designed to facilitate effective monitoring of actions. This resulted in one medium priority action. – In 6/6 schools, lesson learned or feedback received from the activities were not formally documented. This resulted in one medium priority action.
Research Overheads	Approval of costing is undertaken in line with designated approvals in the system. Approval of deviation obtained where required from the VP and Research and Innovation.	– Findings on the design of this control showed that it was effectively designed. – Sample testing identified examples of retrospective approval for two of the 15 projects sampled. This was due to a lack of clarity in the process. Testing also identified that there is a lack of guidance provided to academics to support the understanding of costing requirements. This resulted in one medium priority action regarding approvals and one low priority action regarding the provision of guidance.
KEF Data	Quarterly meetings of the KEB to oversee progress of strategy.	• The KE strategy has been established and includes the areas of skills, employability and entrepreneurship and community engagement. These areas align to lowest areas of KEF performance.
Staff Engagement	Annual Institutional Staff Survey Action Plan developed and monitored by the Staff Steering Group in response to the annual institutional staff survey.	• We confirmed that the Institutional Staff Survey Action Plan 2023 was created with actions categorised under seven focus areas.
	The Faculty Executive Teams meet termly and monitor the progress against the action plan.	– We confirmed that appropriate governance arrangements are in place, however discussion of faculty action plans is not formally captured across all of the Faculties. This resulted in one medium priority finding.
Course quality assurance	Where required assurance is not provided, action plans are established.	• Governance arrangements have been established at all levels of the University. – Monitoring requirements have not been defined to support remedial action plans arising as a result of quality expectations not been met as a result of the programme review process. This resulted in one medium priority action.
Faculty governance – business continuity	Approval and review requirements for BCPs and BIAs are defined.	– Testing of a sample of BCPs and BIAs identified three of the five BIAs testing and two of the five BCPs tested has not been reviewed in line with requirements. This resulted in one medium priority finding.

Internal audit work in relation to core reviews

Internal Audit Review	Controls tested	Summary of findings
Quality of data – Overall findings showed controls are effectively designed and operating with the exception of some data elements within the HE-BCI return (which is a lower risk return for the University).		
Data Futures	Data quality routines run in Alteryx and review of exceptions undertaken by planning team.	• Data quality controls were effectively designed and provided comparison with data sets across the University.
	Variances between Data Futures and other data sets investigated by Planning Team.	• Mapping across the HESA and Student Alternative Record to Data Futures provided a baseline for the design of processes.
	Data run through HDP to identify any errors in data sets.	– Sample testing of 25 students becoming dormant in the year identified nine instances in which the date of dormancy declared did not agree to underlying documentation. Whilst no issues arose in each instance and the data within SITS was accurate based on University process, judgment had been applied in ascertaining the date of dormancy. This resulted in one low priority finding therefore no concerns raised regarding the quality of data.
	Assurance reporting is prepared and reviewed by the Deputy Director of Planning.	
KEF data	Reasons for variances are identified and documented in the assurance proforma.	• Overall findings on design showed controls are effectively designed and were operating effectively.
		– There were opportunities to improve the completeness and accuracy of some of the data fields captured, however, these resulted in two medium and two low priority actions.
Economy, efficiency and effectiveness – Overall findings showed controls are largely well designed and operating effectively with some opportunities to improve consistency.		
Student experience	School action plans created in line with template.	• The action plan template is in place and well designed.
		– Sample testing of actions plans identified that, whilst actions were captured within template, the capture of SMART actions and updates against there were not consistent. Specifically, in two of the six actions plans, actions were not captured in a SMART manner and in two of the six action plans, action updates were missing against actions that were falling due. This resulted in a medium priority action.
	Assessment turnaround time targets are defined in the Assessment Handbook which has been approved by Senate.	• Assessment turnaround time targets were confirmed to be defined in the Assessment Handbook as guidance.
		– Assessment turnaround times are not routinely monitored, and governance arrangements are not established to support visibility of performance. This resulted in a medium priority action.

Internal audit work in relation to core reviews

Internal Audit Review	Controls tested	Summary of findings
Research overheads recovery	Adjustments required to overheads are identified through quarterly reconciliations by JRMO	– Sample testing of reconciliations identified an inconsistent format for completion, with evidence of follow up with finance where required being unclear. This resulted in one medium priority action. – There is no formal review or discussion of the overheads and funder mix at the Faculty or University level. The resulted in two low priority actions.
Graduate outcomes	Schools promote career support through induction, students newsletter, social medial posts, school homepages and broadcast	• In 6/6 schools sampled, career service is introduced in welcome week and embedded in modules following the action plan. Careers and Enterprise events are promoted via the QM+ webpage on an ad-hoc basis.. – Good practice in different Schools was identified, however this is not shared across the University. This may increase visibility across the University. This resulted in one low priority action.
Core financial controls – accounts payable	Access to raise requisitions within Agresso is restricted to approved users.	– There are different approaches in how requests are communicated to those who have access to raise a requestion, including informal email communication and formal online forms. More consistent processes could streamline requisitions and increase efficiency. This resulted in one low priority finding.

Performance of internal audit

We have monitored our performance against the following standards:

KPI	Frequency	Target	Performance
People			
Matching audit team members to QMUL staff in meetings	Continuous	100%	✓
Achievement of consultation with QMUL staff in reviews	Continuous	100%	✓
Percentage of staff with relevant CCAB/MIAA qualifications – Core team	Quarterly	>50%	✓
KPMG quarterly update training completed by audit team members	Quarterly	100%	✓
Completion of relevant training by all members of the internal audit team	Quarterly	100%	✓
Delivery			
Completion of annual and five yearly plan within agreed timetable and budget (ensuring any variations are agreed with the Chief Financial Officer)	Continuous	100%	✓
Delivery of all reviews within the plan to the intended Audit and Risk Committee as agreed at the start of the period	Continuous	100%	✓
Final audit reports issued within 5 days of management response	Continuous	100%	✓
Terms of reference and final reports for all audits are agreed by the nominated Executive Lead who will ensure consultation has taken place with all relevant QMU officers	Continuous	100%	✓
Implementation of accepted recommendations by due date	Continuous	95%	✓
Processes			
Use of latest techniques in audit work (statistical and sampling)	Continuous	100%	✓
Specialist input provided into reviews completed each period	Annually	1 review	✓[1]
Quality of our service			
Compliance with relevant mandatory and professional standards including Public Sector Internal Audit Standards	Continuous	100%	✓
Recommendations accepted by management	Continuous	95%	✓

[1] There has been no specialist review involvement in the plan for 2023/24, this is due to the nature of the reviews undertaken as part of the annual plan. Specialist involvement is planned for 2024/25.

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