

**Imperial College Union  
Finance and Risk Committee**

Thursday 21 March 2019

<b>AGENDA ITEM NO.</b>	18
<b>TITLE</b>	Internal Audit
<b>AUTHOR</b>	Malcolm Martin
<b>EXECUTIVE SUMMARY</b>	<p>The Union has the opportunity utilise the services of internal auditors to provide independent assurance of the effective performance of the management systems and controls.</p> <p>KPMG, our internal auditors are due on-site next Monday to commence the 2019 audit. Given the focus in previous years on management controls, the opportunity has been taken to extend the scope into areas which are still developing to ensure that the subsequent recommendations can potentially add significant value to the development of best practise.</p>
<b>PURPOSE</b>	<p>To provide an independent opinion and reassurance to the Trustees of the effectiveness of the management control systems.</p> <p>The KPMG internal audit also provides assurance to College that the Union has robust and appropriate controls in place to safe guard the Union’s charitable assets.</p>
<b>DECISION/ACTION REQUIRED</b>	For Discussion

Thursday 21<sup>st</sup> March 2019

## Introduction

Each year we have the privilege of engaging with Internal Auditors who provide an independent formal review on the quality of our management controls and systems. The final report provides recommendations for improvement and can be a value-added opportunity to benefit from the extensive experience they can bring. KPMG are our current auditors.

This is an important reputational piece as the final report is not only reviewed by Finance & Risk Committee and Board, but also by College Finance & Risk committee and College Council.

The attached terms of reference set out the scope of this year's audit with the field work due to commence on Monday 25 March. The opportunity has been taken to extend the scope of the audit beyond the traditional areas of the effectiveness of management controls.

Objective 1 looks at the management of cash. This remains a key area of potential fraud and previous internal audit reviews have given the Union an Amber-green rating.

Objectives 2 and 3 look at Business Planning and Business Cases respectively, areas that are developing within the Union. It is expected that KPMG should be able to, as a result of their audit, provide significant value by making recommendations that can propel the development these two areas.

## Update on Management Actions

The previous internal audit report provided 7 recommendations. The full report is attached for review, although committee members may wish to focus on the recommendations which start on page 6.

Each quarter KPMG follow up on the responses to the recommendations in the previous report as they become due for completion. The most recent follow-up is attached by way of example. You will note that recommendation 5 (2018 Report) on EPOS access permissions was due for review on 31 December 2018, therefore it was part of the last KPMG follow up. The other 2018 recommendations are not due.

## Operational Risk Register

The 2018 Internal Audit had a significant focus on operational risk management. Recommendations 1, 2 & 7 reflect their observations. Work on these recommendations has not significantly progressed. With the upcoming focus on planning and budgeting, it is unlikely that this work will be completed within the original set timescales. It is expected that this will be picked up over the summer months and reported back in the autumn.