

**Imperial College Union
Board of Trustees / 12 May 2021**

College Internal Audit 2021/22

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Purpose: To note the most recent report from the College's internal audit with respect to the Union, and associated action points.

1. Background Information

The current Partnership Agreement states the Union will:

(5.7.4) Take part in the College's Internal Audit Scheme and report the outcomes of these audits to the College's Audit Committee.

This is a key element of the 'third line of defence' as outlined in our risk management policy, alongside our statutory annual audit.

Each year the College and Union agree a scope of key areas to look at. In 2020/21 this was agreed as the following:

Objective One Financial Planning	KPMG evaluated the process and controls in place over development of the Union's financial strategy, plan, budget and forecasting. This included consideration of: <ul style="list-style-type: none"> ▪ Alignment to the strategic objectives of the Union ▪ Sequencing of activities ▪ Policies and guidance in place ▪ Information assimilated ▪ Analysis performed
Objective Two Governance and monitoring arrangements	KPMG assessed the governance and monitoring arrangements in place over the financial strategy, plan, budget and forecasts.
Objective Three Follow up of prior year recommendations	KPMG followed up on all recommendations raised in prior year reviews which had not been implemented at the most recent Audit and Risk Committee, in November, and performed sample testing here relevant to support Management's assessment of the implementation status of these recommendations.

2. Outcomes

This year's audit result was extremely positive for the Union, demonstrating a high level of control within our budgeting process under COVID-19.

Areas of good practice noted in the report include:

- i. The Union developed a measured and decisive approach to financial planning under extreme circumstances which not only protected its core activities but also enabled the impact of the changing environment to be built in.

- ii. The budget setting process used information from a wide range of sources and included scenario planning which ensured a number of possible outcomes were considered.
- iii. Regular reporting of budgets to the Board of Trustees and Finance and Risk Committee ensured adequate scrutiny and oversight of the budget

Two areas for development were identified (alongside outstanding actions).

Objective	Action & Commentary
Objective One (Medium)	<p><i>KPMG identified that the Union does not have a disaster response plan in place to be used during times of crisis. In addition, during the pandemic there was minimal communication between and oversight by the College.</i></p> <p>The renewed Partnership Agreement between the Union and College will establish a more constructive and proactive relationship between the two organisations and will include specific text regarding operations during ‘major incidents’.</p> <p>We will also look to develop a disaster response plan for the Union that takes into account our size and relationship with the institution over the summer period.</p>
Objective Two (Low)	<p><i>KMPG raised one low priority recommendation related to the development of policy and guidelines for budget setting.</i></p> <p>The new financial model being developed by the Union addresses much of this risk. In addition to this, the revised approach to our annual planning and budgeting round, will also close this action point off.</p>
Objective Three (Medium / Low)	<p>The vast majority of the outstanding recommendations from previous years relate to our risk management policies and controls.</p> <p>These will all be complete by August in line with the Strategic Risk Register and Annual Planning Round.</p>