



THE UNIVERSITY of EDINBURGH
Finance

Finance : Professional Development Forum

LT4, Business School
Buccleuch Place

30 May 2019



Housekeeping



Fire alarms



Mobile phones



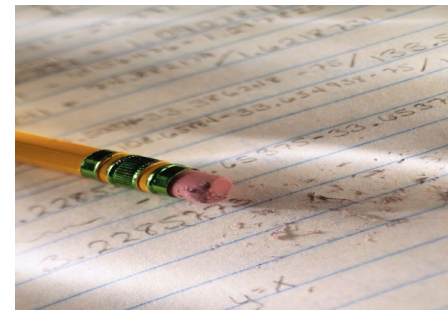
Drinks




Toilets



Feedback



Today's agenda



<u>Time</u>	<u>Subject</u>	<u>Who</u>
13:45 – 13:50	Welcome	Liz Welch
13:50 – 14:10	Core Systems Implementation Plan	Garry Robertson/Lorna McLoughlin
14:10 – 14:30	Planning round update	Stuart Graham
14:30 – 14:50	Accounting for Tuition Fees	Susan McIntosh
14:50 – 15:30	HE sector risk benchmarking	Lindsey Paterson (PWC)
	Coffee	
15:50 - 16:10	Internal Audit – Plans, Themes and Audit Points	Ben Wood
16:10 – 16:30	Annual Report and Accounts and Asset Disposal	Anne-Marie Gregory



FINANCE : PROFESSIONAL DEVELOPMENT FORUM

careers in finance

Welcome to the Finance : Professional Development Forum

Blog posts

Professional Bodies

Finance Competency Framework

Sources of Information

Welcome To Email Subscribers

New Post Published - {{POSTTITLE}}

Just started your new finance job

Finance : Professional Development Forum > Welcome to the Finance : Professional Development Forum > Sources of Information

Sources of Information

You may find the following forums of interest in keeping up-to-date with university finance

Internal

Finance Bulletin

This is an online resource updated every couple of months with recent changes to finance processes and resources

If you would like to subscribe to the Bulletin – click here.

Recent copies of the Bulletin

Search



Recent posts

[Welcome!](#)

Archives

Select Month

Categories

Finance : Professional Development Forum



Can you help?

- Information sources
- Links to professional bodies
- Careers in Finance – can you do a summary of your role?
- Help link to your accountancy body for CPD (*ACCA already in hand*)
- Ideas for content for blog and future presentations

Please email e.welch@ed.ac.uk

Save the Date

Finance : Professional Development Forum Meeting

Wed 27th November 2019

Bookable now via MyEd

- ACCA presentation
- Year End Outturn
- Accounting for Depreciation
- Accounting for Grants
- And







THE UNIVERSITY *of* EDINBURGH
Finance

Finance: Professional Development Forum

Annual Planning Round
and Quarterly Forecasting

14 June 2019



Annual Planning Round



What, when, who and why:

- Three year plan of I&E for university group
- A process that begins in autumn each year and concludes in early summer the following year
- All areas of the university
- Financially sustainable and support strategic plan

Annual Planning Round

Process:

- Planning guidance and assumptions issued
- Submission of plans
- Review and discussion
- Court approval
- Budget letters

Annual Planning Round

Approved plan outputs:

- Year one of the plan becomes budget
- Three year plan submitted to SFC
- Foundation for our ten year forecast

Annual Planning Round

Challenges and complexities:

- Achieving satisfactory surpluses
- Delivery of planned savings
- Budget area transfers
- Layers of the plan e.g. City Deal and SEP

Quarterly Forecasting

Revised 3 to 4 year forecast produced each quarter

- Introduced in 2017/18 to align with planning round
- Completed in Aug, Nov, Feb (Plan) and Apr/May
- Individual budget area meetings to discuss financial forecast, risks/opps and current issues
- An evolving process

Budget Area Contribution

Plans and forecasts reviewed at Contribution level

- Income less expenditure before interest
- Colleges have positive financial contribution
- Prof. Serv. Groups negative financial contribution
- Each I&E item impacting on contribution is discussed at budget area meetings

Developments in 2019/20

Background:

- Changes in financial reporting standards
- Ambitious estates strategy and capital prioritisation
- FTP and a new core system

Developments in 2019/20

Planned projects / activity:

- Monthly reporting and insight
- Greater focus on split between unrestricted and restricted activity
- Capital budgeting
- Key performance indicators

Questions





THE UNIVERSITY of EDINBURGH
Finance

▶ Finance Professional Development Forum

Annual Report and Accounts

Anne Marie Gregory
Senior Financial Accountant

14 June 2019





Our vision

We deliver impact for society.

As a truly global university, rooted in Scotland's capital city, we make a significant, sustainable and socially responsible contribution to the world.

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Integrated Reporting <IR> is a holistic form of reporting.

<IR> focuses on the value created by an organisation by considering non-financial resources such as human, social and intellectual capitals as well as financial capital.



Expand reporting beyond the stewardship of financial capital.

<IIRC> uses the term ‘Capitals’ to denote an organisation’s resources. They are:

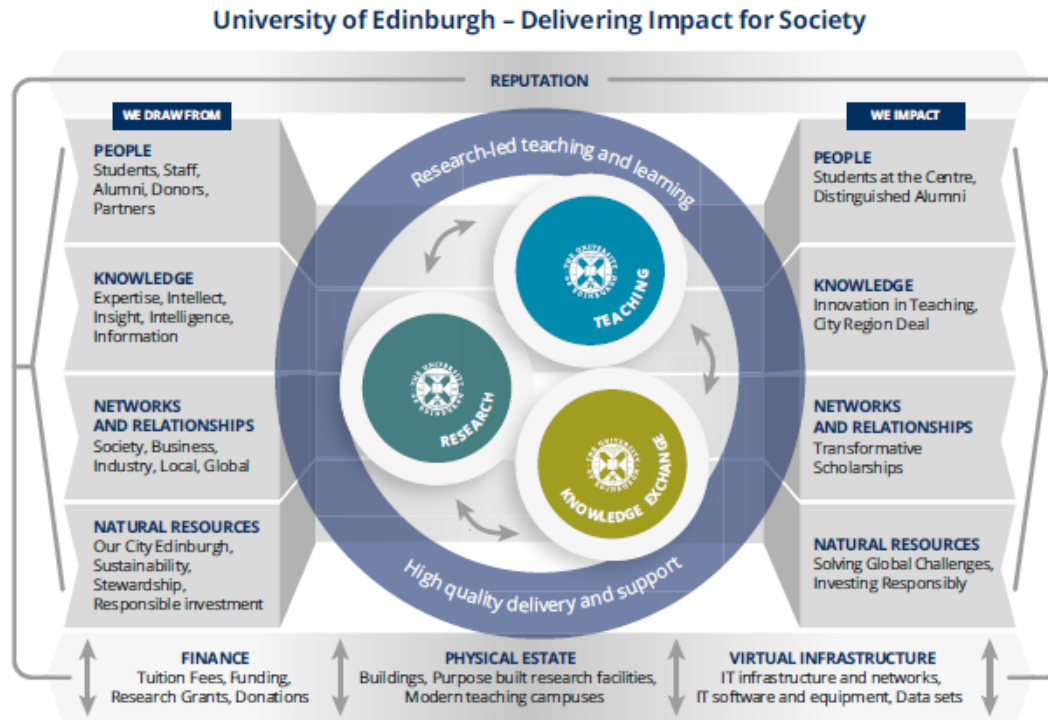
Financial	Manufactured
Intellectual	Human
Social and Relationship	Natural

Our value model

Our approach

The University is committed to Integrated Thinking and has adopted the principles of Integrated Reporting within this Annual Report.

Our Value Creation Model is a fundamental part of our Integrated Annual Report. Our Value Creation Model shows how we use our Capitals (the resources which we draw on and influence), to create and sustain value for our many stakeholders.



Value model case studies

Our value model (continued)

The Value Created

The case studies throughout this Integrated Annual Report, demonstrate real examples of how we continue to create value from our Capitals (inputs) and have a positive impact on society.

<p>Students at the Centre</p> <p>A dedicated hub designed by students, for students, to bring together the academic, support and social aspects of a student's life, page 31</p> 	<p>Distinguished Alumni</p> <p>Many of our alumni are world leaders in their field, contributing to global challenges, page 14</p> 	<p>Innovation in Teaching</p> <p>Edinburgh Q-Step centre to equip students with the quantitative skills needed in the Social Scientists of the future, page 4</p> 
<p>City Region Deal</p> <p>Work with partners to establish the region as the data capital of Europe, attracting investment, fuelling entrepreneurship and delivering inclusive growth, page 7</p> 	<p>Transformative Scholarships</p> <p>Edinburgh Global and the Mastercard Foundation Scholars Programme – widening access to education to students throughout the world, page 22</p> 	<p>Solving Global Challenges</p> <p>Stimulating interdisciplinary and intersectoral collaboration towards groundbreaking solutions to major planetary health challenges, page 47</p> 
<p>Investing Responsibly</p> <p>Incorporating environmental, social and governance factors into investment decisions, page 39</p> 	<p>Our strategy and Value Creation Model is assured by effective governance</p> <p>Our strategy has been in place since 2016. We plan to present a new version of the strategy to the University Court in early 2019. This will take account of the changing context for higher education institutions and will set our priorities for the years ahead.</p> <p>Read more: Corporate Governance Statement, page 41 Financial Review, page 35 Independent Auditors' report to Court, page 50</p>	

- Overview
- Strategy and value model
- Operational review
- Financial review
- Governance
- Financial statements

Value model case studies

Transformative scholarships

The University's scholarship opportunities support students from diverse backgrounds, giving those with great academic potential, but few educational opportunities, access to world-class education, a transformative student experience, wrap-around welfare support and the tools to have impact in their local communities. Edinburgh Global works in partnership to secure international scholarships, widening access to education and attracting the best and brightest students from all over the world.

The Mastercard Foundation Scholars Program at the University of Edinburgh provides full scholarships and transformative leadership training to educate and support bright, young African students with a deep, personal commitment to changing the world around them. Over seven years, the University will provide 200 full postgraduate and undergraduate scholarships to students from Africa with great academic and leadership potential but few educational opportunities. The Scholars Program facilitates transformative leadership programming to inspire and support Scholars in making change in their communities and countries on their return home.

Find out more about Edinburgh Global and the Mastercard Foundation Scholars Program at the University of Edinburgh:
www.global.ed.ac.uk www.edin.ac/mastercard-foundation



1. Our approach to reporting

We continue to develop our approach to Integrated Reporting. In the 2017/18 Annual Report and Accounts, we have focused on the value created by the University for its stakeholders, through the framework of Integrated Reporting.

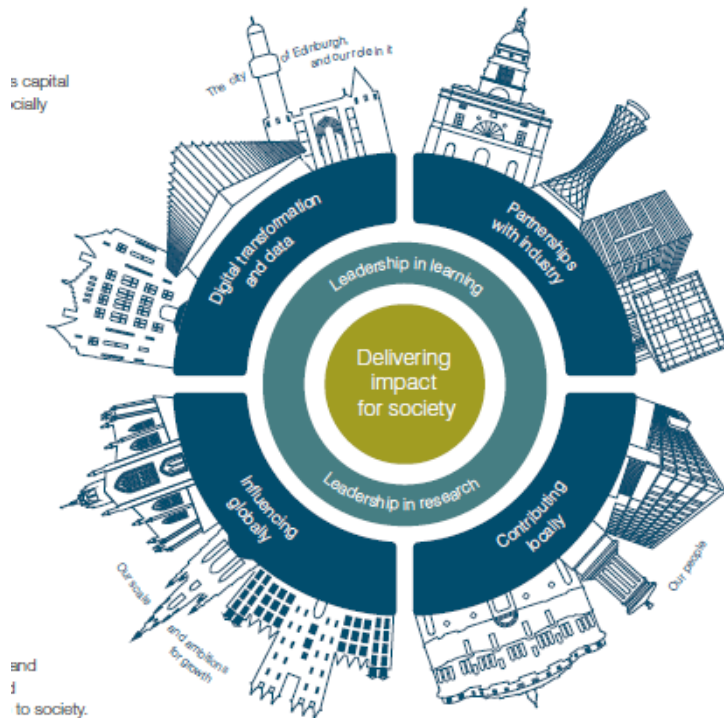
2. Material issues

In assessing what should be included in our Integrated Report, we applied the principle of materiality.

Material issues have been identified as follows: those which we believe could affect our ability to create meaningful value in the short, medium or long term; issues that are important to key stakeholders; issues that form the basis of strategic discussions and decision making; and finally, issues that could intensify or lead to lost opportunity if left unchecked.

Insight into how the material issues identified are managed and how they impact the University are signposted here:

3.



4.

Strategic plan

A new performance framework for the University is currently under development. The following table sets out our assessment of progress this year against the current strategic plan.

✔ - achieved/on track
 ⚠ - strong or improving position but needs attention
 ⚠ - progress needed

Leadership in learning		Baseline 2015/16	Year 1 2016/17	Year 2 2017/18	Attention	Notes
Student satisfaction	National Student Survey	80% Target 85%	83% Target 86%	77% Target 85%	⚠	The NSS performance in 2017/18 was disappointing given improvement in the previous year and significant effort to address. An action plan is in development focused on our culture and how teaching is demonstrably valued as well as support arrangements for students.
	Postgraduate Taught Experience Survey (PTES)	84% Target - 85%	83% Target - 85%	79% Target - 85%	⚠	The student experience action plan will address all taught students. PTES results were particularly impacted by the industrial action in 2018.
	Postgraduate Research Experience Survey (PRES)		81%			This survey is conducted every two years.
Graduates in graduate level employment or	Undergraduate	78%	80%		✔	Broadly on track. The national survey for measuring

Understanding our risks – Page 15

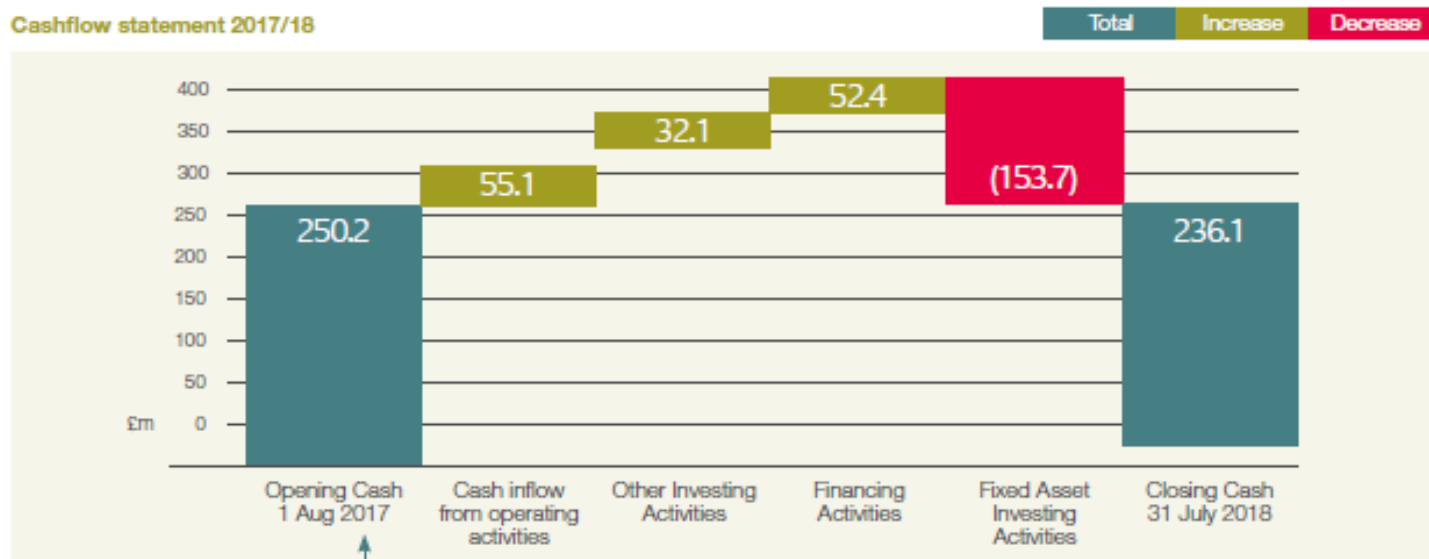
Understanding our risks

We define risks as simply the potential effects of uncertainty on achieving our objectives. They can take the form of adverse consequences, or unexpected opportunities. Risk is inherent in all activity and a dynamic enterprise like ours will inevitably create new risks in pursuit of our evolving objectives.

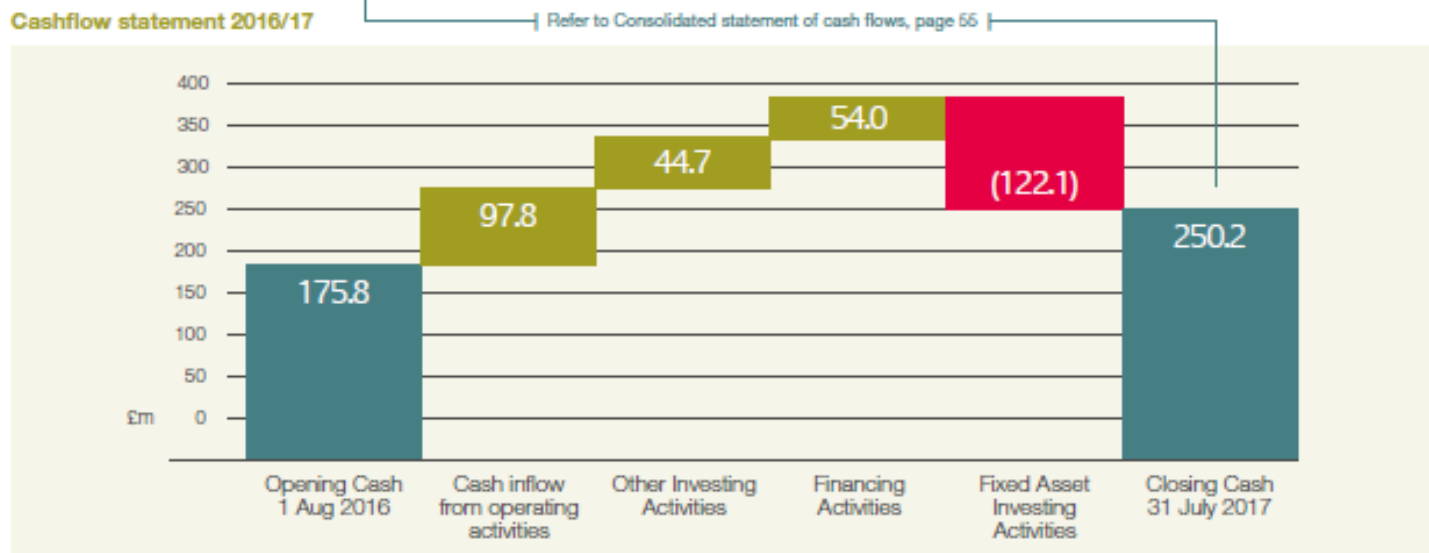
Effective risk management is about ensuring that all significant relevant risks are understood and prioritised as part of normal management practices to increase the probability of successful outcomes while protecting the reputation and sustainability of the University.

Cashflow statement— Page 38

Cashflow statement 2017/18



Cashflow statement 2016/17



Launched Edinburgh Local
 a University-wide initiative to **strengthen relationships** between the University and local communities



18th
 in the World
QS World University Rankings



160 nationalities  **41,312** Students

25,951 undergraduate students 
15,361 Postgraduate students 

Staff:
7,105 Academic 
7,468 Professional Services 

Surplus before other gains and losses
£27.3m 2017/18
£56.2m 2016/17



1st in Scotland and **4th** in UK for Research power
Research Excellence Framework 2014



200 water points are being installed across campus



63% increase in funding received for student and staff mobility




The university is made up of **3 colleges** which collectively host **20 schools**



A global community of **over 260,000** people



The university is made up of **3 professional services groups**

-  Information Services
-  University Services
-  Corporate Services

Six months after graduating **94.3%** of our UK graduates were in employment or further study



Alumni
 Robert Louis Stevenson
 Dr Robert Knox
 James Hutton
 Dr Isabella Pringle
at the forefront of knowledge since 1583



£35 million research and teaching initiative safeguarding the future of the world's food supplies



Any questions?

Accounting for Tuition Fees

Changes in 2018-19

University Q3 Forecast 2018/19

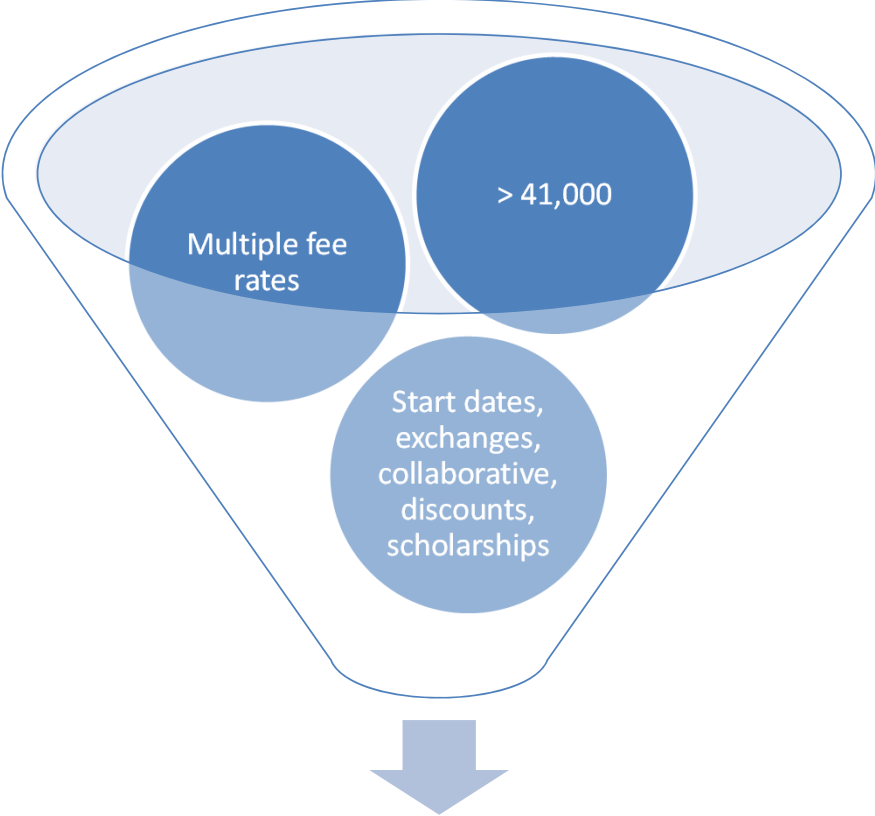
Income (£m)

	CAHSS	CMVM	CSE	Total	%
Funding body grant	50.6	51.3	64.8	166.7	19%
Tuition fees	204.9	47.5	97.7	350.1	39%
Research Income	24.7	145.3	115.1	285.1	32%
Other income	13.2	51.1	21.1	85.4	10%
Total income	<u>293.4</u>	<u>295.2</u>	<u>298.7</u>	<u>887.3</u>	

CAHSS Tuition Fee income Plan 2018-19

2018-19 Plan £M	CAHSS Total	S21 Business School	S22 SSPS	S23 Economics	S26 Law	S27 Divinity	S28 LLC	S29 Education	S2A ECA	S2B HCA	S2C PPLS	S2E College	S2F Health	S2G COL
Total Attributed Fee Income	192.0	28.1	28.7	9.2	16.0	3.8	20.7	13.7	30.2	14.2	17.1	2.0	7.3	1.0
Local Fee income (non CR bearing, RTSG)	6.3	0.0	0.0	0.0	0.0	-	0.2	0.4	0.0	-	0.0	-	0.2	5.4
Total Tuition Fees	198.3	28.1	28.7	9.2	16.0	3.8	20.9	14.1	30.2	14.2	17.2	2.0	7.5	6.4

Simple....or is it?

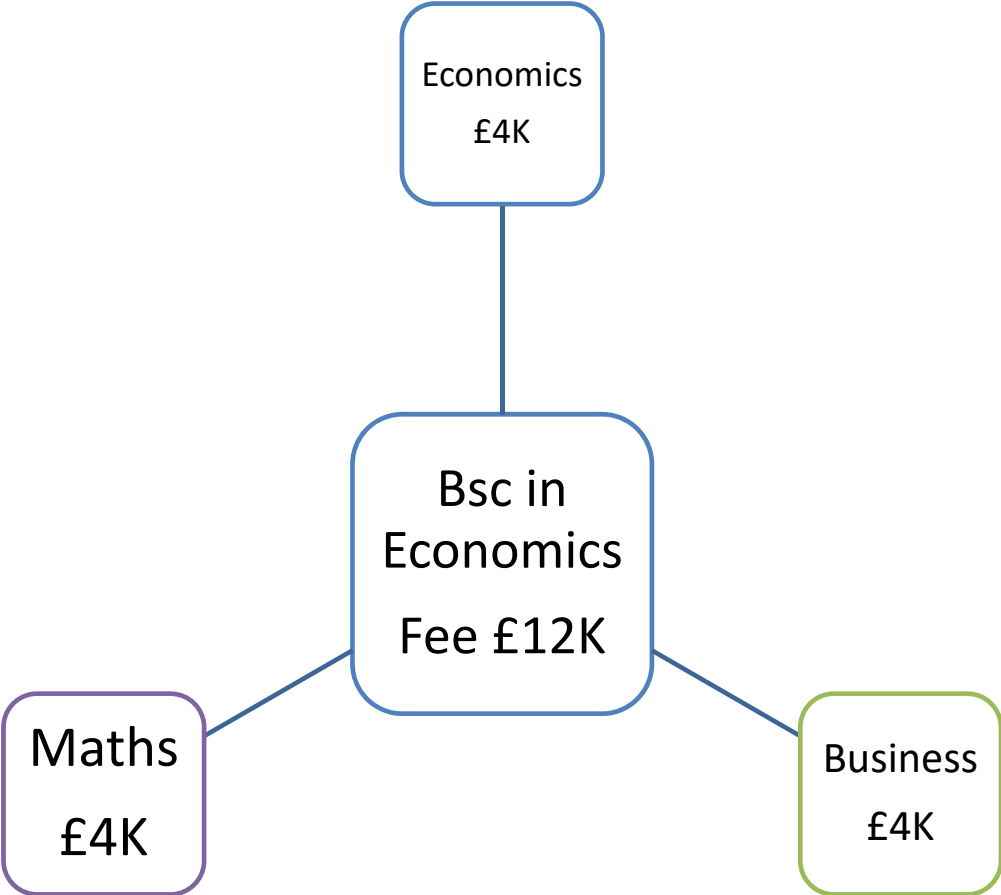


Tuition Fees

Nightly interface with efinancials brings through:

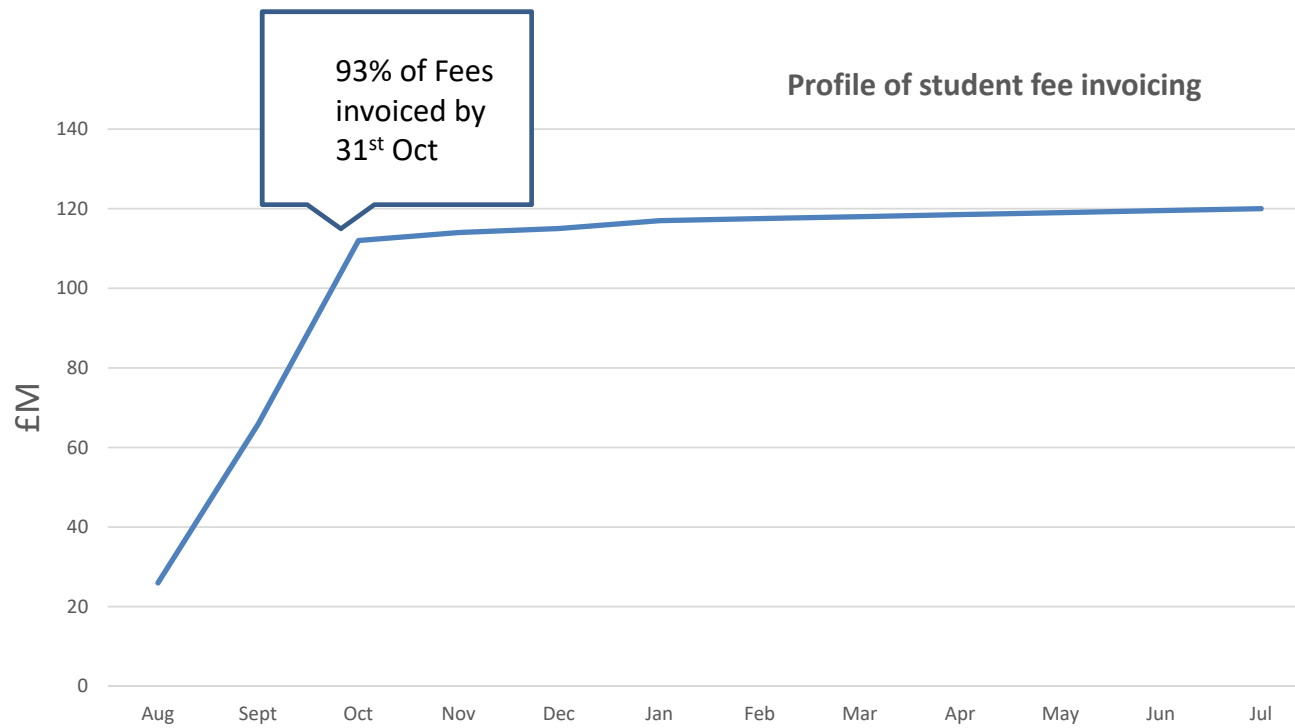
- Student number, name
- School
- Programme
- Start month
- Year of study
- Fee
- Any reductions

Cross School Teaching

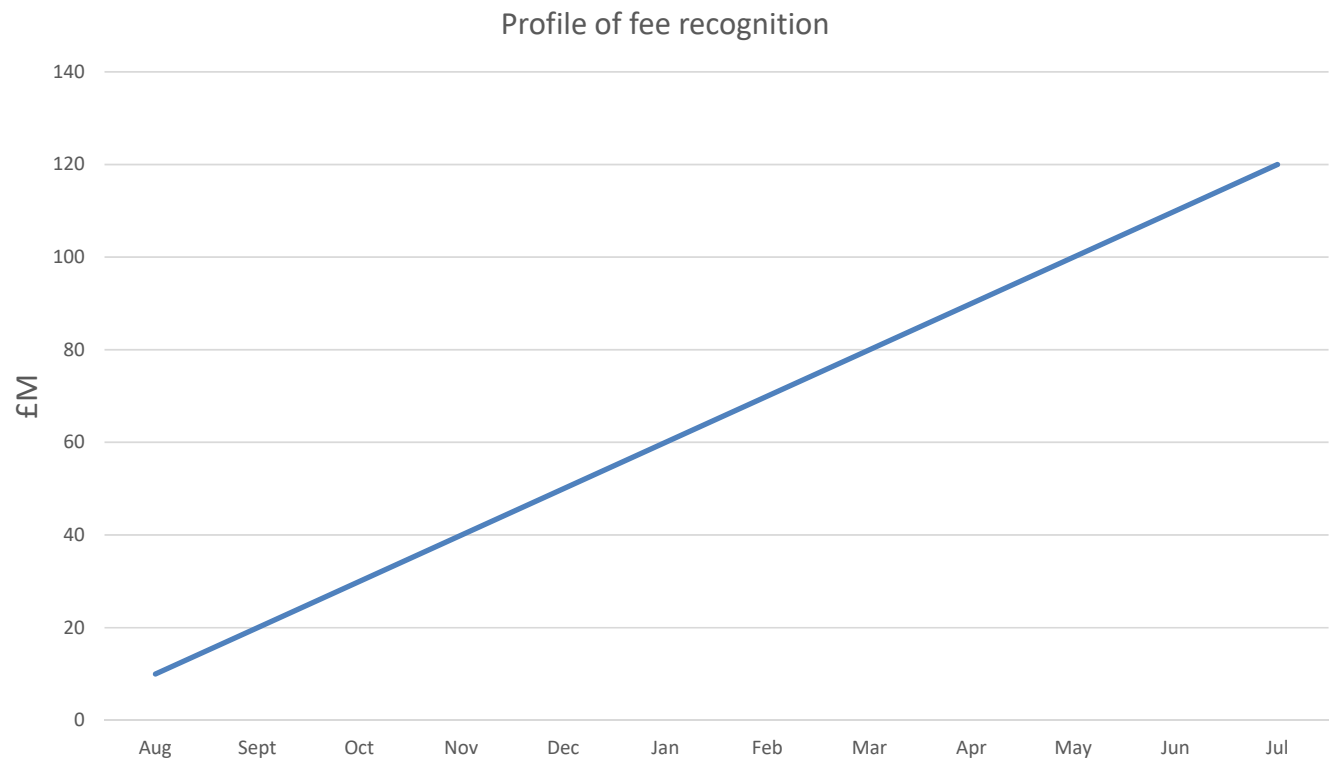


Monthly journals posted by FIRST

- All tuition fees invoiced, by School and student category (e.g. FT International UG)
- Deferral of tuition fees by School and student category (reversing)
- Cross School teaching Total (based on PY Actual) by School and student category
- Deferral of Cross School teaching by School and student category (reversing)
- Fee remissions YTD by School and student category (reversing)



This graph shows the pattern of tuition fee invoicing over a financial year

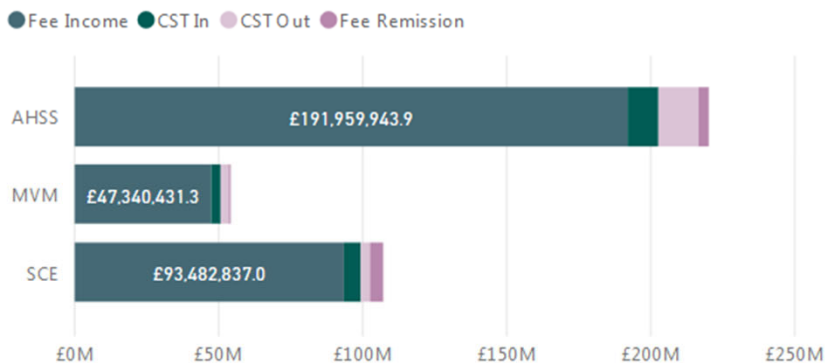


All fee invoices re raised on 1st August, fees recognised in the finance ledger would look like this

Tuition Fee Report Period 1-6 University



Fee Activity by College



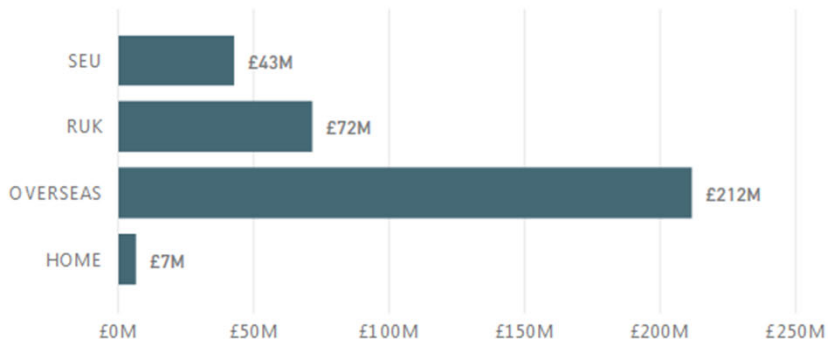
£332.8M

Total Fee Income

£19.9M

Total Cross School Teaching

Fee Income by Fee Group



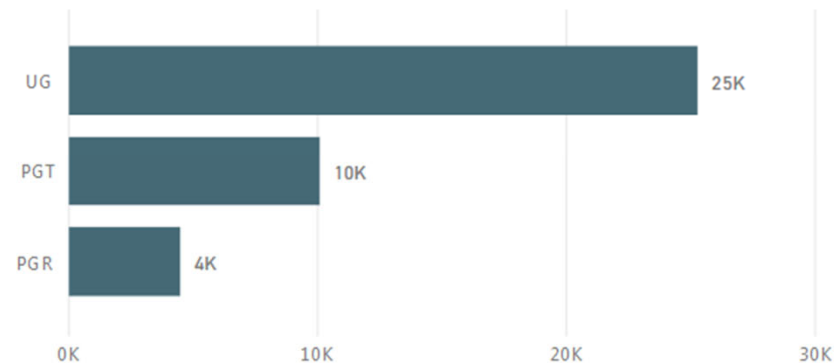
£8.8M

Total Fee Remission

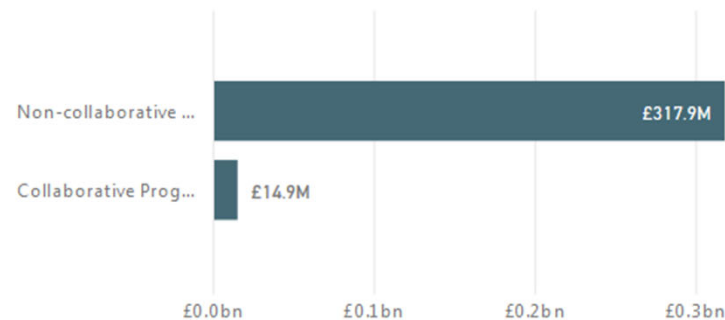
39847

Total Student Headcount

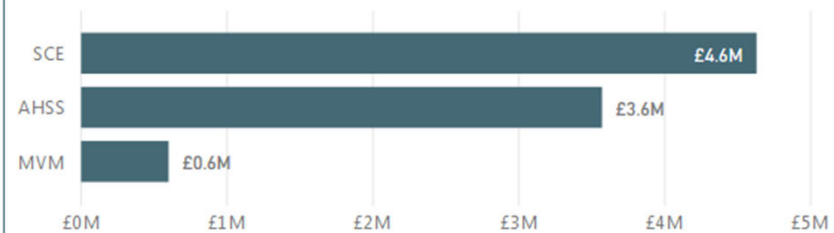
Student Headcount by Student Type



Fee Income by CP/NCP



Fee Remission by College



Net Fee Income by Period

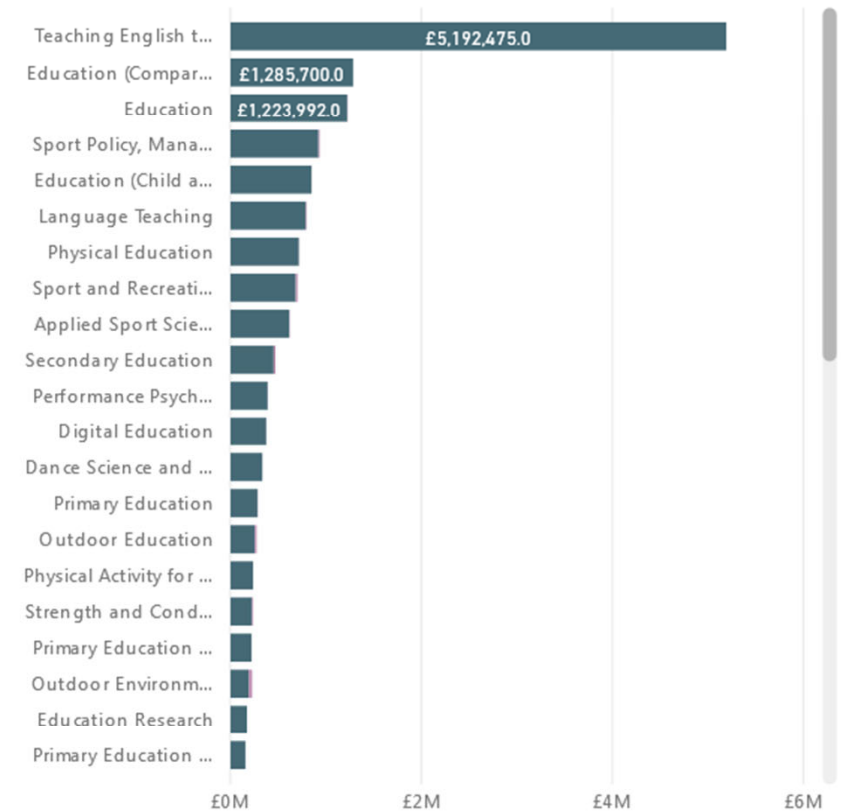
College Name	1	2	3	4	5	6	Total
	-£179,911.0	-£6,434,608.0	-£10,940,050.0	-£1,027,649.0	-£4,315,226.0	-£846,199.0	-£7,279,712.0
AHSS	£78,372,103.5	£96,963,208.0	£616,971.5	-£3,279,595.3	-£2,157,645.0	-£1,440,485.7	£185,146,604.0
MVM	£26,919,266.5	£19,233,163.0	-£162,996.0	£478,357.5	£2,269,318.5	£1,081,244.0	£47,223,239.5
SCE	£33,875,636.0	£56,770,114.0	£4,904,870.0	£3,132,989.2	£3,139,824.5	£3,599,235.0	£91,615,668.7
Total	£139,228,416.0	£172,965,640.0	£5,299,810.5	£330,471.4	£3,251,498.0	£3,244,253.3	£323,990,022.2

Tuition Fee Report Period 1-6 School



Fee Activity by College

● Fee Income ● Fee Remission



£17.2M
Total Net Income

£16.9M
Total Fee Income

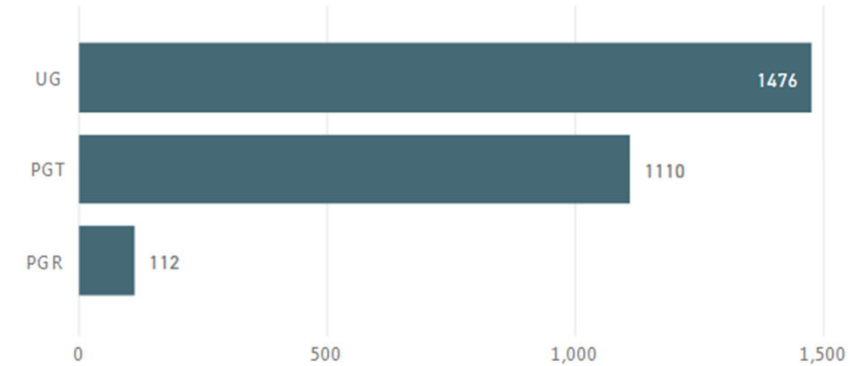
£593.7K
Total Cross School Teaching (in)

£59.0K
Total Cross School Teaching (out)

£0.3M
Total Fee Remission

2698
Total Student Headcount

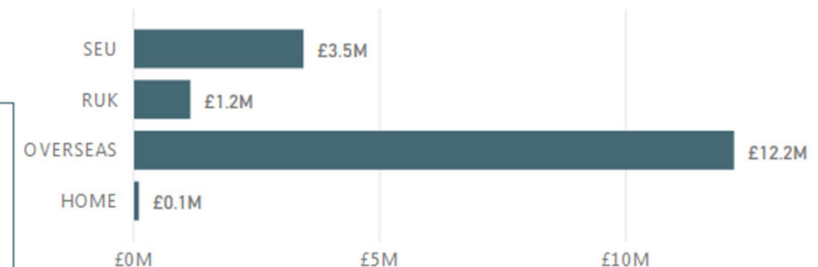
Student Headcount by Student Type



Fee Income by CP/NCP



Fee income by Fee Group



Net Fee Income by Period

School	1	2	3	4	5	6	Total
S29 Education	£4,110,687.5	£12,833,524.5	£990,732.5	£481,596.5	£657,952.0	£752,083.0	£17,153,446.0
Total	£4,110,687.5	£12,833,524.5	£990,732.5	£481,596.5	£657,952.0	£752,083.0	£17,153,446.0



THE UNIVERSITY *of* EDINBURGH
Finance

Asset Disposal

Technical Update

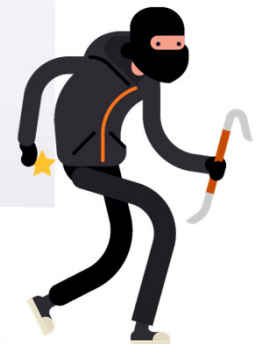
30 May 2019



What is a disposal?

The term disposal encompasses all situations that result in the University no longer owning a previously held asset. This includes:

- Selling an asset
- Trading or swapping assets out with the University
- Transferring or gifting an asset out with the University
- Scrapped items
- Destroyed items
- Stolen items
- Lost items



Things to consider when disposing of assets

Before disposing of an asset you must consider compliance to University policies and the financial impact of the disposal.

Compliance to University policies

- Has the disposal been correctly approved in line with the Delegated Authority Schedule?
- Could the item be re-used by another area of the University?
<https://www.ed.ac.uk/about/sustainability/staff/advice/reduce-reuse-recycle/join-warp-it>
- Does it comply with recycling and disposal regulations?
https://www.ed.ac.uk/files/atoms/files/clearouts_moves_briefing.pdf

[Reuse & Recycling of Computers and other Electronic Equipment.](#)

Things to consider when disposing of assets

Financial impact of the disposal

- Does the asset still have a value in the asset register? Consider if you are selling or trading in at a fair price; will a gain or loss be realised on sale?
- Does the asset record need to be removed or updated in the central asset register?

Current financial information on assets held in the central asset register can be accessed in through a BI report (details below), eFinancials or by contacting FIRST.

Public Folders / CSG : Finance / Financial Accounting Reports / Fixed assets

<input type="checkbox"/>	Title
<input type="checkbox"/>	Equipment Additions Report
<input type="checkbox"/>	Equipment Register
<input type="checkbox"/>	Equipment Register Management Report
<input type="checkbox"/>	Equipment Verification Report
<input type="checkbox"/>	Heritage Asset Register
<input type="checkbox"/>	L&B Asset Register

This report shows the current net book value of individual assets

Major Equipment Disposal Form

Major equipment assets are recorded on the central asset register (items purchased before 1 Aug 2014 value >£25k, after 1 Aug 2014 value >£50k).

It is a requirement of the Scottish Funding Council that a central asset register is held and maintained so all disposals must be recorded.

If you dispose of an asset complete the Major Equipment Disposal – this will notify FIRST of a disposal. On receipt FIRST will;

- Remove the asset from the central asset register
- Calculate if there is a gain/loss on disposal (any income proceeds will be recoded as part of this)
- Any gain or loss on disposal will be coded to the relevant College/PSG

Major Equipment Disposal Form



This form must be completed to notify FIRST that an item of major equipment held in the central asset register has been disposed of. This includes items sold, scrapped, lost, stolen, traded in or transferred to another institution.

Informant details

Name	
Job title	
Email	

Disposal approval

Name	
Job title	
Email	

Approval of the disposal of major items of equipment follows the same delegated authority as its purchase. Please attach evidence to support the approval e.g. email.

Major Equipment Details

Asset code (if known)	
Asset description	
Original PO number (if known)	
Date of disposal	

Type of disposal (tick box):

Type of disposal	Tick	Further information
Sold		If sold please confirm value of proceeds and where these have been coded in eFinancials
Traded in		If traded in please provide PO number of purchase traded in for
Scrapped		Please supply further background details
Transferred		
Lost		
Stolen		
Destroyed		
Other		

Please attach evidence to support the type of disposal e.g. sale agreement, transfer agreement, trade in agreements, insurance claims, recycling collection dockets.

Confirmation

By submitting this form I confirm the item has been approved for disposal in accordance with the University's Financial Regulations and Delegated authority Schedule. Where applicable the disposal has been carried out in accordance with the [University's Waste Strategy Policy](#) and the policy on [Reuse & Recycling of Computers and other Electronic Equipment](#).

Completed forms should be emailed to finance.help@ed.ac.uk.



THE UNIVERSITY
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**Service Excellence
Programme**

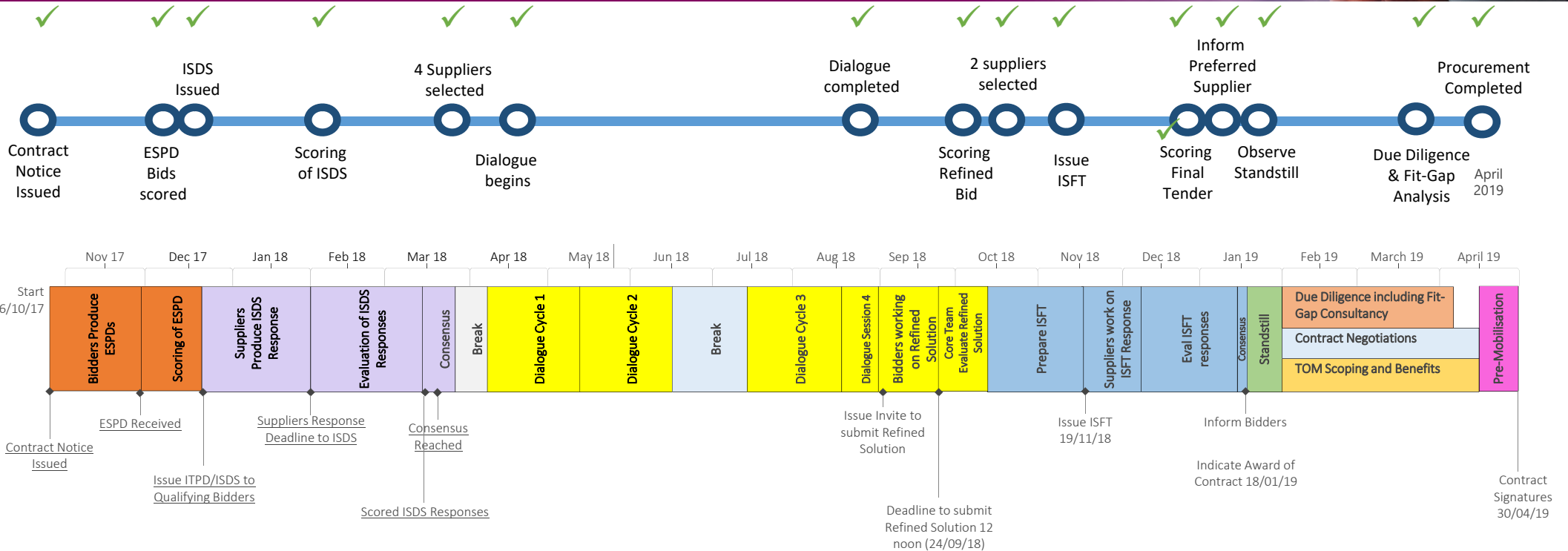
Core Systems Implementation Update

Garry Robertson

Date 30 May 2019



Core systems procurement timeline



Due Diligence Update

- Due Diligence Workshops 160 Completed in 8 weeks covering HR & Finance Key Process area, Project Planning, Change & Technical Discussions
- Presentation by partner of the Key Findings on 10 April 2019
- Joint HR/Finance/Core 'Exceptional Board' on 10 April 2019 to discuss and endorse the proposed plan, phasing and direction of the Implementation
- Lessons learned and findings have been used to update proposed implementation plan
- Detailed outputs include Key Decision Documents and Design Analysis Documents
- Main Agreements/Contracts Signed by 30 April 2019

Programme Plan

Due Diligence and Initiation

- Due Diligence and contract finalisation – April 2019
- Completion of pre-design work identified during Due Diligence – May 2019
- Resource Mobilisation – April/May 2019
- Project Initiation – May/June 2019

Phasing – Design to Go Live

Phase 1 – June 2019 – June 2020

- Induction
- Financial Structures
- HR & Recruitment Core Functionality
- “Soft” Accounts Receivable/General Ledger – to allow all student receivables for 20/21

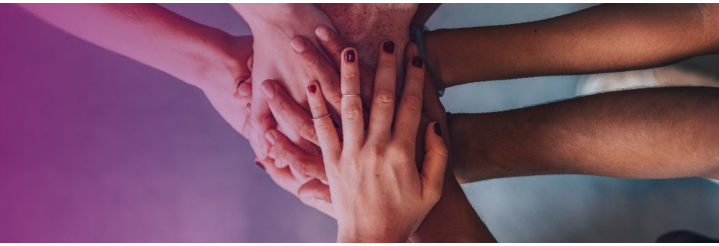
Phase 2 – June 2019 – August 2020

- Payroll
- Time sheet/recording supporting Guaranteed Hours

Phase 3 – June 2019 - November 2020

- Main Finance Release (end of Quarter 1 Financial Year 20/21)
- Additional HR (Staff Development, Performance Management ,Talent Management)

Phasing of Plan



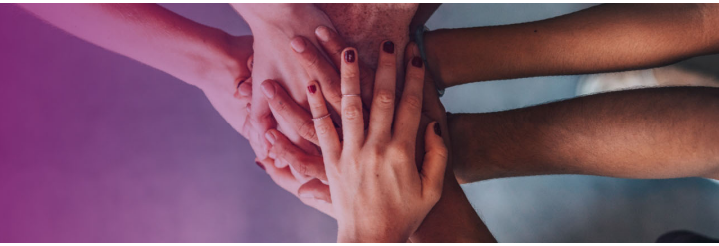
Rationale

- Finance go-live provides sufficient time allowing TOM to mature and business change to be understood and planned.
- HR TOM has a 6 month start on the Finance TOM and HR go live allows faster enablement of future design.
- Payroll requires sufficient time for replica runs and dedicated go-live provides required focus
- Recruitment is closest to end-of-life so benefits from early delivery

Observations

- Design will be conducted in parallel and elements of each phase will be designed right from the beginning. Three go-lives in 5 months requires management focus and discipline, but it does make the individual go-lives more manageable.
- A dedicated payroll go-live offers more time for testing and parallel running and allows singular focus on this critical delivery. It will require dual keying of data in July and August.
- Finance P1 & P2 on legacy finance systems. Such a go-live will require migration of all transactions for periods 1 and 2 into the new system.

Resourcing



- Throughout dialogue phase and within final tender, team structure and resource requirements have been a key discussion point.
- HR and Finance Programme Leads aligned to Core systems (in place)
- Designated Deputies for Programme Leads (in place)
- Functional Leads identified across Finance, Payroll, Procurement and HR and commence (3 June)
- Communication with Line managers and Subject Matter Experts who will continue to support the design and implementation workshops
- Recruitment of budgeted technical resources including project manager, business analyst and developers is ongoing.



Functional Leads – Appointed



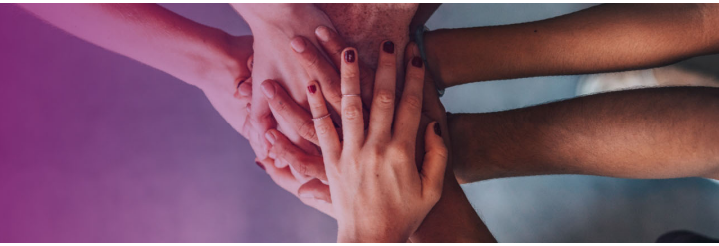
Role	Process Areas	Name
Budgeting	<ul style="list-style-type: none"> Budgeting Management and Statutory Reporting 	Fraser Wilson
General Ledger	<ul style="list-style-type: none"> Treasury and Cash Management Revenue/Expense Allocation & Journals Period Close and Year End Auditing Tax and Compliance Financial Structures and Policies 	Anne Marie Gregory
Procure To Pay	<ul style="list-style-type: none"> Procurement Receiving and Inventory Asset Management 	Colin Miller
Procure To Pay	<ul style="list-style-type: none"> Payables 	Kerry Scott
Receivables	<ul style="list-style-type: none"> Receivables 	Souvina Grozier
Projects and Grants	<ul style="list-style-type: none"> Project and Grant Management 	Gary Halliday

Focus of Functional Leads role

- Understands and champions the Target Operating Model
- Main business owner of future system process design
- Attend all design workshops – leading the detailed Target Operating Model input
- Principle liaison point for Inoapps functional design consultant
- Responsible for issue capture and definition
- Main owner/champion of detailed business change (input to change readiness and transition planning)
- Need to be knowledgeable at detailed level of business requirements

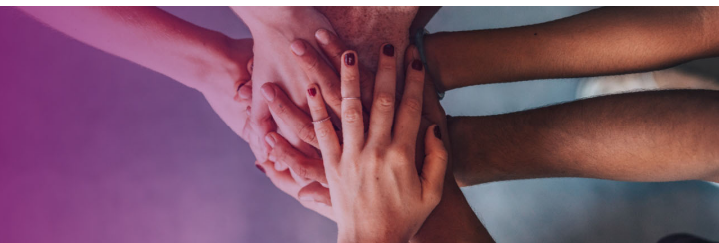
- All Functional Leads join by 3rd June
- Significant Induction activity in June (Ways of working/Core/Transformation Programme/Oracle Product/Change)

Kick off and Induction in June 2019



- Full team Kick off event - 3 June 2019
- Induction for future ways of working to ensure understanding of TOM
- **SME design briefing** end of June will prepare SMEs for what will be involved in the subsequent design stage of the programme and their roles within that as preparation for the our design workshops that start in July.

Workshop Schedule



Process Area	Team	# of Sessions	Design Start	Design Complete	When in the week?
14. Financial Structures and Policy	GL	8	01/07/19	19/08/19	Monday Mornings
2. Procurement	P2P	24	01/07/19	09/12/19	Monday Afternoons
8. Cost & Revenue Allocation, Jnls	GL	9	02/07/19	27/08/19	Tuesday Mornings
6. Project and Grant Management	Project & Grants	24	02/07/19	17/12/19	Tuesday Afternoons
13. Tax and Compliance	GL	10	03/07/19	02/09/10	Wednesday Mornings
4. Payables	P2P	16	03/07/19	16/10/19	Wednesday Afternoons
5. Receivables	Receivables	14	03/07/19	16/10/19	Wednesday Mornings
12. Investments and Insurance	GL	8	03/09/19	22/10/19	Tuesday Mornings
9. Period Close and Year End	GL	8	04/09/19	23/10/19	Wednesday Mornings
3. Receiving and Inventory	P2P	12	24/09/19	11/12/19	Tuesday Afternoons
11. Asset Management	P2P	12	26/09/19	12/12/19	Thursday Mornings
1. Budgeting	Budgeting	16	28/10/19	24/02/20	Monday Mornings
15. Mgt & Statutory Reporting	Budgeting	8	28/10/19	16/12/19	Monday Afternoons
7. Treasury and Cash Management	GL	8	30/10/19	18/12/19	Wednesday Mornings
10. Auditing	GL	6	05/11/19	10/12/19	Tuesday Mornings

Notes

- Half day workshops
- Normally one per process area per week
- Thursday & Friday to write up
- SME Lists likely to be similar to those for Due Diligence – being reviewed as a priority
- Issuing invitations to workshops to start in early June

Our ask of you

- Champion this work with your teams and your customers
- Contribute to workshops
- Support your colleagues who are participating

Thank you

Contact Details: Garry Robertson, Finance Transformation Programme Lead
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THE UNIVERSITY
of EDINBURGH

INTERNAL AUDIT - PLANS, THEMES AND AUDIT POINTS

FINANCE PROFESSIONAL DEVELOPMENT FORUM

BEN WOOD

SENIOR INTERNAL AUDITOR

MAY 30 2019

INTERNAL AUDIT AT UNIVERSITY

- ▶ BASED IN OLD COLLEGE,
- ▶ PART OF UNIVERSITY SECRETARY'S GROUP
- ▶ RECENTLY BECAME A CO-SOURCED FUNCTION
- ▶ CHIEF INTERNAL AUDITOR FROM EXTERNAL FIRM:
PAUL McGINTY (KPMG)
- ▶ QUALIFIED ACCOUNTANTS/INTERNAL AUDITORS
WITH HE EXPERIENCE
- ▶ KPMG SUPPORT IN TECHNICAL AREAS, IT, ESTATES,
TREASURY
- ▶ CALL UP RESOURCE AS NEEDED

WHAT IS INTERNAL AUDIT?

- ▶ PART OF UNIVERSITY'S INTERNAL CONTROL FRAMEWORK
- ▶ PROVIDE INDEPENDENT ASSURANCE TO AUDIT AND RISK COMMITTEE
- ▶ ASSIGNMENTS AND ANNUAL OPINION

WHAT INTERNAL AUDIT DOES

- ▶ PERFORM AUDIT ASSIGNMENTS TO TEST:
 - CONTROLS;
 - RISK MANAGEMENT; AND
 - GOVERNANCE
- ▶ AUDIT PLANNING AND REPORTING
- ▶ REPORTS WITH RECOMMENDATIONS AND CONCLUSIONS
- ▶ SPECIAL INVESTIGATIONS
- ▶ FOLLOW UP OF AGREED ACTIONS

INTERNAL AUDIT PLANS

- ▶ RECENTLY ENDORSED BY AUDIT AND RISK COMMITTEE AND COURT TO RATIFY
 - THREE YEAR STRATEGIC PLAN
 - INTERNAL AUDIT PLAN FOR 2019/20
 - STRUCTURED AND RISK FOCUSED PLANS
 - RESOURCE PLANS
 - 830 AUDIT DAYS PER ANNUM

FINANCE RELATED AUDIT COVERAGE IN 2019/20

- ▶ FINANCIAL CONTROL BASELINE FRAMEWORK ASSESSMENT
- ▶ TARGETED TESTING OF KEY FINANCIAL CONTROLS
- ▶ COLLEGE AND SCHOOL CONTROLS
- ▶ ESTATES CAPITAL PROGRAMME CONTROLS
- ▶ RESEARCH MANAGEMENT KEY CONTROLS
- ▶ CITY DEAL PROGRAMME MANAGEMENT
- ▶ SEVERANCE ARRANGEMENTS
- ▶ STUDENT ASSOCIATION FINANCIAL CONTROL

THEMES ARISING FROM RECENT AUDITS (1)

- ▶ PROJECT ACORN / BEARING
- ▶ POSITIVE CONCLUSIONS: E.G. STUDENT FEES, STUDENT RENT INCOME, CASH OFFICE, PAYROLL
- ▶ CONTROL FINDINGS RELATED TO SYSTEM ISSUES AND DISCONNECT
- ▶ CONTROLS THERE BUT OFTEN MANUAL AND CUMBERSOME PROCESSES
- ▶ SERVICE EXCELLENCE ADDRESSING THESE BUT:
 - SHORT TERM VERSUS LONG TERM ACTIONS
 - SPECIFIC REVIEWS OF SEP

THEMES ARISING FROM RECENT AUDITS (2)

- ▶ COMPLIANCE CHALLENGES IN DEVOLVED ORGANISATION
- ▶ SINGLE POINT OF FAILURE
- ▶ IS AND ESTATES PROCUREMENT
- ▶ MANAGEMENT OF INTELLECTUAL PROPERTY
- ▶ SCHOOL AUDITS; IMPACT OF STAFF CHANGES

OUR WEBSITE

- ▶ [WWW.ED.AC.UK/INTERNAL-AUDIT](http://www.ed.ac.uk/internal-audit)
- ▶ INFORMATION ABOUT THE INTERNAL AUDIT PROCESS
- ▶ FURTHER DOCUMENTS AND RESOURCES
- ▶ USEFUL LINKS
 - Committee of Sponsoring Organisations (COSO)
<http://www.coso.org/>
 - Audit Net <http://www.auditnet.org/>
- ▶ Contacts:
Ben.wood@ed.ac.uk 0131 650 9348
Paul.mcginty@ed.ac.uk 0131 650 9378

Higher Education Risk Landscape

May 2019



Introduction

HE Sector Landscape

"Arguably the HE sector is going through one of the most turbulent periods for a generation"

Global Mega Trends and Domestic Uncertainty

The perfect storm?

Global Megatrends



*Shift in global
economic power*



*Demographic
and social change*



*Technological
breakthrough*



*Rapid
urbanisation*



*Climate change
and resource
scarcity*

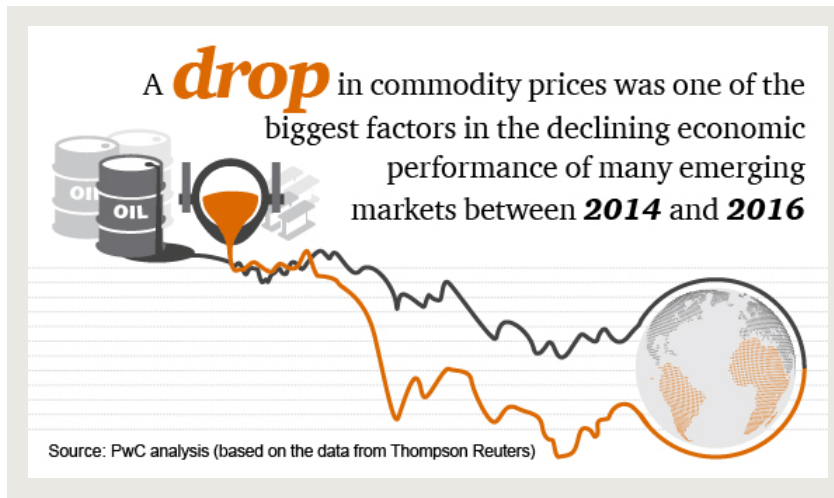


A shift in global economic power

Emerging economies that were growing rapidly, particularly Brazil and Russia, are ***both now in recession.***

China has also seen its ***economy slowing.***

E7 economies are still expected to have more purchasing power than G7 by 2030.





A shift in global economic power (continued)

Emerging markets will dominate the world's top 10 economies in 2050 (GDP at PPPs)

	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany
France	10	10	UK

 E7 economies  G7 economies

Sources: IMF for 2016 estimates, PwC analysis for projections to 2050

Global economic power will shift to the E7 economies

In...

1995

E7

were
half
the size of

G7

By...

2015

E7

were
around the
same
size as

G7

And in just
25 years...

2040

E7

could be
double
the size of

G7

G7: US, UK, France, Germany, Japan, Canada and Italy
E7: China, India, Indonesia, Brazil, Russia, Mexico and Turkey

Sources: IMF for historical GDP, PwC analysis for projections to 2050



Demographic and social change

By **2030** the world's population is projected to rise by more than **1 billion**



Source: UN Population Division, World Population Prospects 2015

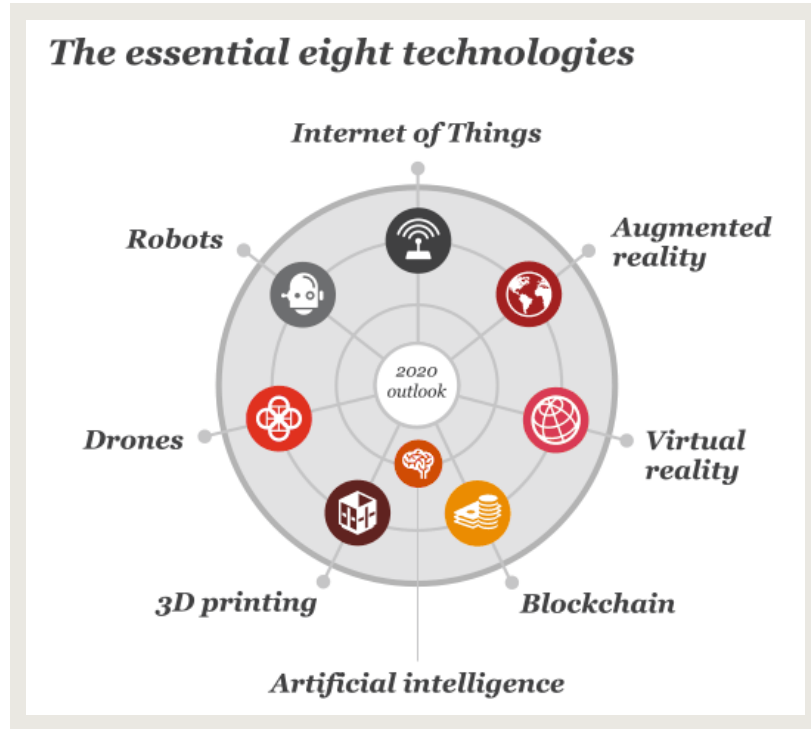
Millennials have far greater expectations of working internationally than their older counterparts



Source: PwC analysis ('NextGen: A Global Generational Study' 2013)



Technological breakthroughs



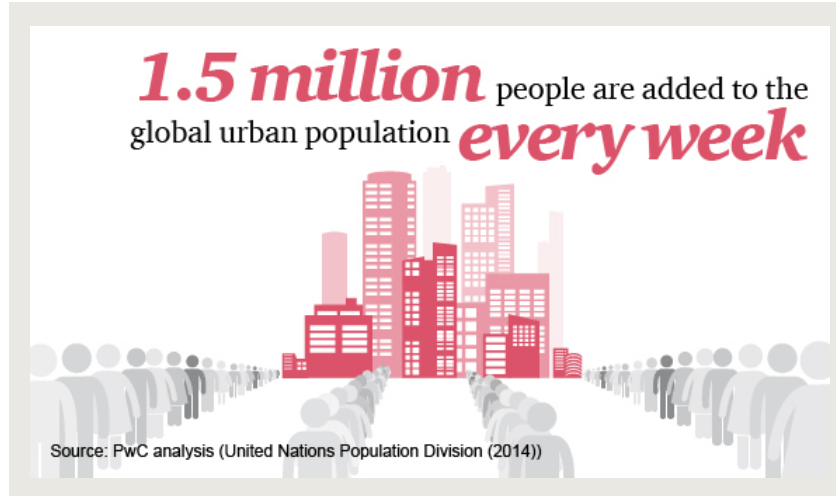


Rapid urbanisation

Today *more than half* of the world's population live in cities

1.5m people are added to this every week

90% of this growth will take place in African and Asian countries

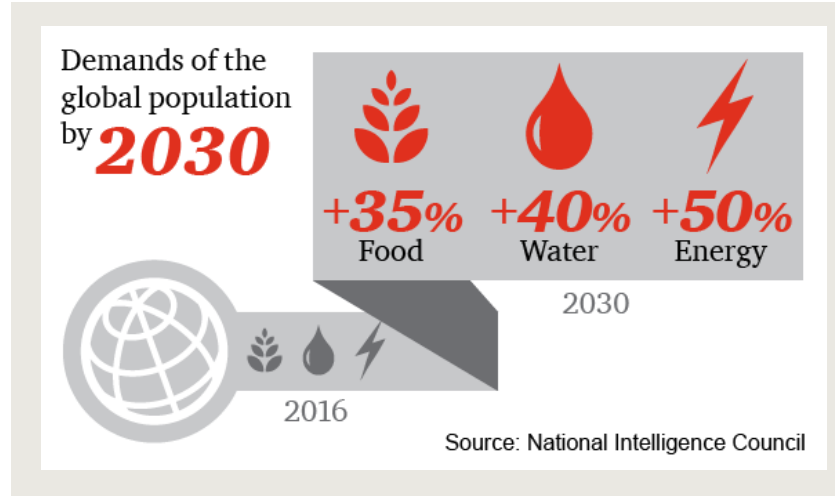




Climate change and resource scarcity

The growing global population is expected to demand **35%** more food by 2030.

Demand for water is expected to increase by **40%** and energy by **50%**



Domestic landscape

- Political uncertainty
- Increasing demand and expectations
- Financial environment
- Growing competition vs collaboration
- Technology
- Regulatory Scrutiny



PwC annual risk benchmarking exercise

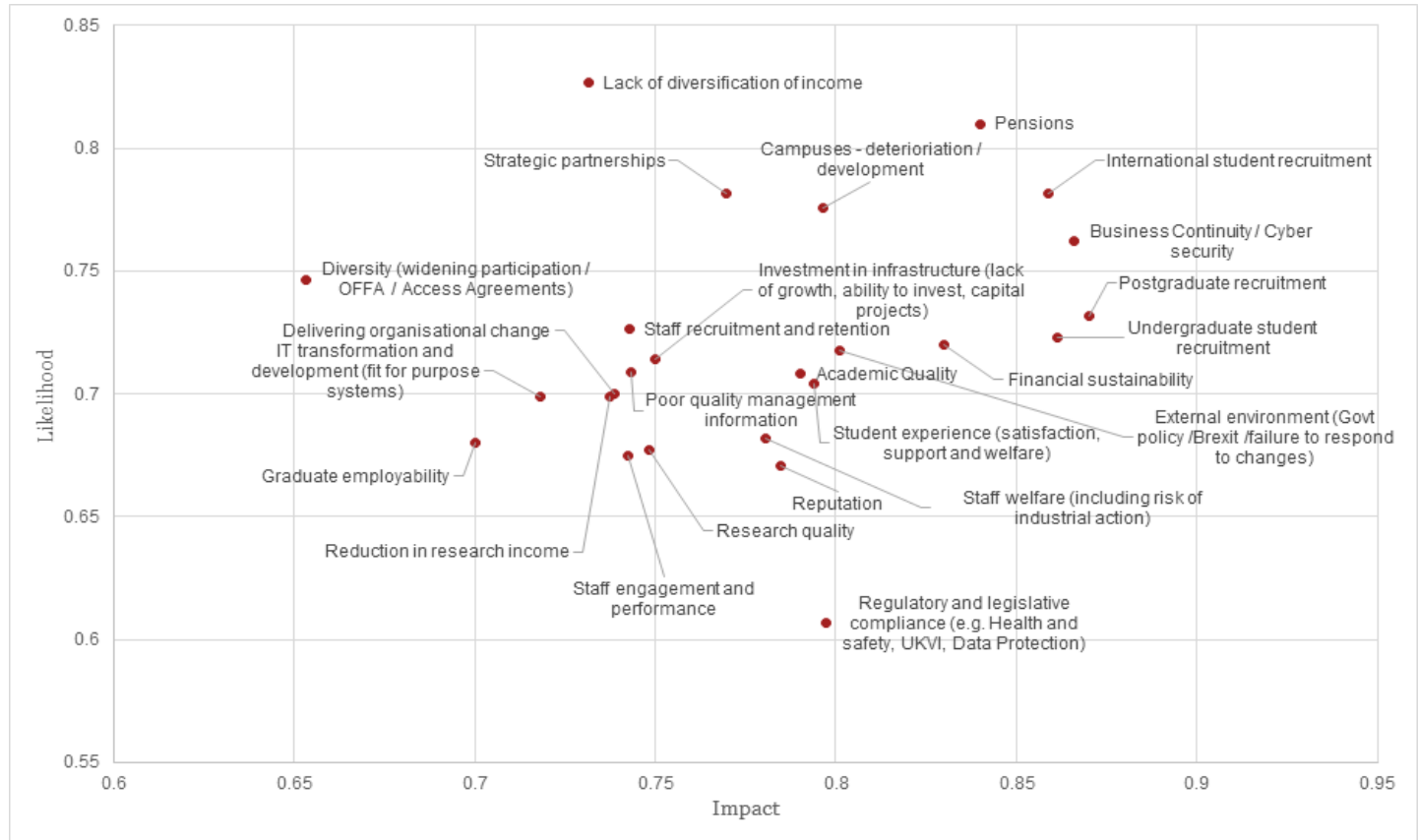
- Annual Exercise to collate HE risk registers
- Identify key themes
- Look at year on year trends



Year on Year Trends

	2015	2016	2017	2018	2019
1	Student recruitment	Student recruitment and financial sustainability	Government policy and political landscape	Pensions	Pensions
2	Research funding and quality	Government policy, public funding and sector reform	Brexit	Government policy / political landscape	International student recruitment
3	Funding body grant reductions	Investment in IT, cyber security, data and management information	Financial sustainability	Student Recruitment	Business Continuity / Cyber Security
4	Government policy and political landscape	Significant investment and transformational change programmes	Student recruitment	Reputation	Postgraduate student recruitment
5	Pension deficits and affordability	Research funding and quality	Organisational change and transformation programmes	Information Security / Cyber	Undergraduate student recruitment

Risk Analysis 2019



Financial sustainability

1. The golden thread that runs throughout:

- Pensions
- Other costs
- Competition for income

2. Income diversification

3. Research funding strategies

4. Student recruitment



Student recruitment

- Risk of under recruiting is a consistent theme
- Applications in 2019 rose for the first time since 2016
- Brexit is a key concern
- Recruitment and retention



Business continuity and cyber security

- Increased awareness and experience of cyber threat
- Threat of disruption
- Human and technological risk



Any questions?