Queen Mary
University of London

Internal Audit Plan 2018 – 2019

Outcome requested:	Audit and Risk Committee is asked to **consider** the internal audit plan 2018-19.
Executive Summary:	The audit plan outlines the proposed input of KPMG to QMUL's internal audit service in 2018-19. The audit plan outlines the scope, timing and summary of each proposed area for review. The proposed areas for review are: • Financial management – payroll and procurement • Schools audit – Blizard Institute and the Centre for Commercial Law Studies • Research overhead recovery • Student experience – admissions • Managing partnerships • Research governance • Estates and IT – business continuity • Workforce planning
QMUL Strategy:	Internal audit supports all areas of the strategic plan.
Internal/External regulatory/statutory reference points:	The (CUC) Higher Education Code of Governance The Memorandum of assurance and accountability between HEFCE and institutions
Strategic Risks:	[12] cost control, VfM and expenditure; [13] maintain effective and constructive governance.
Equality Impact Assessment:	N/A
Subject to prior and onward consideration by:	QMSE 5 June 2018
Confidential paper under FOIA/DPA	No
Timing	The timescale for the implementation of recommendations is indicated within the individual reports and will be monitored by KPMG.
Author	Paul Cuttle and Neil Thomas, KPMG
Date	01 June 2018
Senior Management/External Sponsor:	Laura Gibbs, Chief Operating Officer

Internal Audit Operational Plan 2018-19 and Audit Strategy 2017-2022

Queen Mary University of London
Internal Audit

May 2018

Contents

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This plan is provided pursuant to the terms of our engagement letter. We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in our engagement letter. This plan is for the sole benefit of Queen Mary University of London.

In preparing this plan we have not taken into account the interests, needs or circumstances of anyone apart from Queen Mary University of London, even though we may have been aware that others might read this plan. This plan is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than Queen Mary University of London) for any purpose or in any context. Any party other than Queen Mary University of London that obtains access to this plan or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through University of Queen Mary University of London's Publication Scheme or otherwise) and chooses to rely on this plan or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this plan to any party other than Queen Mary University of London.

Any disclosure of this plan beyond what is permitted under our engagement letter may prejudice substantially our commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If Queen Mary University of London receives a request for disclosure of the product of our work or this plan under the Freedom of Information Act 2000 or the Freedom of Information (Scotland) Act 2002, having regard to these actionable disclosure restrictions Queen Mary University of London should let us know and should not make a disclosure in response to any such request without first consulting KPMG LLP and taking into account any representations that KPMG LLP might make.

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Executive summary

Introduction

This audit plan outlines the proposed input of KPMG to Queen Mary University of London's (QMUL) internal audit service for 2018-19. It provides a risk based analysis of your operations as a basis for our work and demonstrates how our input will complement the work that you are undertaking. The audit plan defines the scope of our reviews for the year, the timing of our internal audit work and a summary of each review we plan to conduct. We have also identified the areas already audited and potential areas for audit coverage as part of our audit strategy.

It may be necessary to update this plan during the year should your risk profile change and in such circumstances we would evaluate emerging risks that would benefit from internal audit input. Management and the Audit and Risk Committee should be appropriately involved in any updates to this plan.

Compliance with internal auditing standards and OfS standards

We confirm our approach is compliant with the relevant standards and we have an internal audit methodology developed over many years with experience across a huge breadth of clients (including higher education, public sector and corporate clients). We have demonstrated how our service is consistent with the HEFCE internal audit arrangements in our detailed proposal document. The OfS has confirmed they are using HEFCE's established internal audit arrangements in 2018-19 and, thereafter, will develop its own arrangements, complying with any relevant government guidance).

The content and coverage of this plan

We have designed the plan to ensure you are able to understand our internal audit approach. In the remainder of this document we provide:

— Our methodology and risk assessment (**section two**). This outlines our understanding of QMUL and the key risks you face. We use this understanding to prioritise the areas selected for specific internal reviews in each period;

— Our strategic and operational plan (**section three**). This confirms the timing of each review within the five year strategic plan;

— Details of timing and outline scopes (**section four**). This plan outlines the planned schedule of the reviews we will perform in 2018-19 and details a headline scope for each; and

— A demonstration of the links between our internal audit plan to the QMUL strategic risk register (**Appendix A**). In this section we demonstrate the alignment of our reviews to your objectives and risks as detailed within the strategic risk register. We also confirm our rationale for the timing of work in those areas we consider 'high risk'.

Our risk assessment (**section two**) sets out those areas we will review in the period covered by this plan. We have prepared this analysis based on risks impacting QMUL through review of your strategic risk register, Council papers and our wider knowledge of QMUL.

Ensuring timely reporting

We pride ourselves on the clarity and quality of our reporting, which adds value by ensuring timely, accessible and action focused outputs from individual reviews. We will ensure our reports set our findings into context and provide a balanced identification of areas of good practice and areas for improvement. We will also seek to identify potential solutions to development areas and best practice examples in other areas.

The Audit and Risk Committee role

We are committed to working with the Audit and Risk Committee members to ensure that management has established, and is maintaining, an adequate and effective internal audit structure. The role of the Audit and Risk Committee is critical to the successful delivery of our internal audit service and ensures:

— We remain independent of management, and are provided with opportunity to update the Committee regarding issues identified in the review and appraisal of internal controls; and

— The Internal Audit Plan (and budget) is subject to appropriate scrutiny and challenge prior to its agreement, and confirmed by the Audit and Risk Committee to support QMUL's policies and plans for the future.

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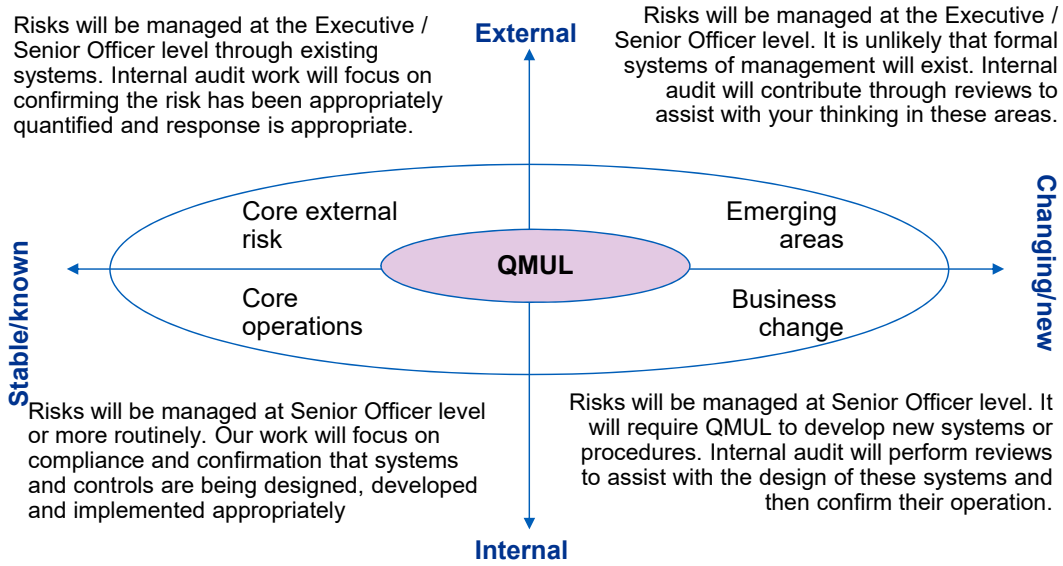
Methodology and risk assessment

What we do	How we go about doing it
Understanding your operations	This has drawn on your corporate documentation (such as Council minutes and the strategic risk register) as well as interviews with members of the Executive team. We have identified our key conclusions on the risks you face both at a macro level in the sector as well as locally and recorded them below.
Completed our internal audit risk assessment	Drawing on your strategic risk register, our knowledge of the systems you operate, the audit work performed in prior years, and our wider knowledge of the Education Sector we use the following approach to categorise your auditable systems: 
Design the strategic and operational audit plans	We have combined our assessment of the overall risks you face with a more traditional internal audit assessment of inherent risk, control risk and materiality to identify the sequence in which we will perform our work. To ensure that we track the type of work we are performing we have identified whether the work is based on a cyclical review of your systems to provide the Head of Internal Audit Opinion, or in response to a one off risk within QMUL.
The content and timing of the individual reviews	At the conclusion of our planning process we also provide an initial summary of the scope of each review we are proposing and the timing of our work. These details are finalised in advance of the detailed fieldwork being completed as part of the Terms of Reference process we complete with audit sponsors and auditees (those who will be involved in more detail with our fieldwork).

Over the page we outline the risks we have identified as part of our 2018-19 internal audit planning process. In preparing our risk assessment we have sought to identify all auditable systems and then rationalise down this list by eliminating those systems for which assurances are obtained through non-internal audit routes, for example through line management and committee processes.

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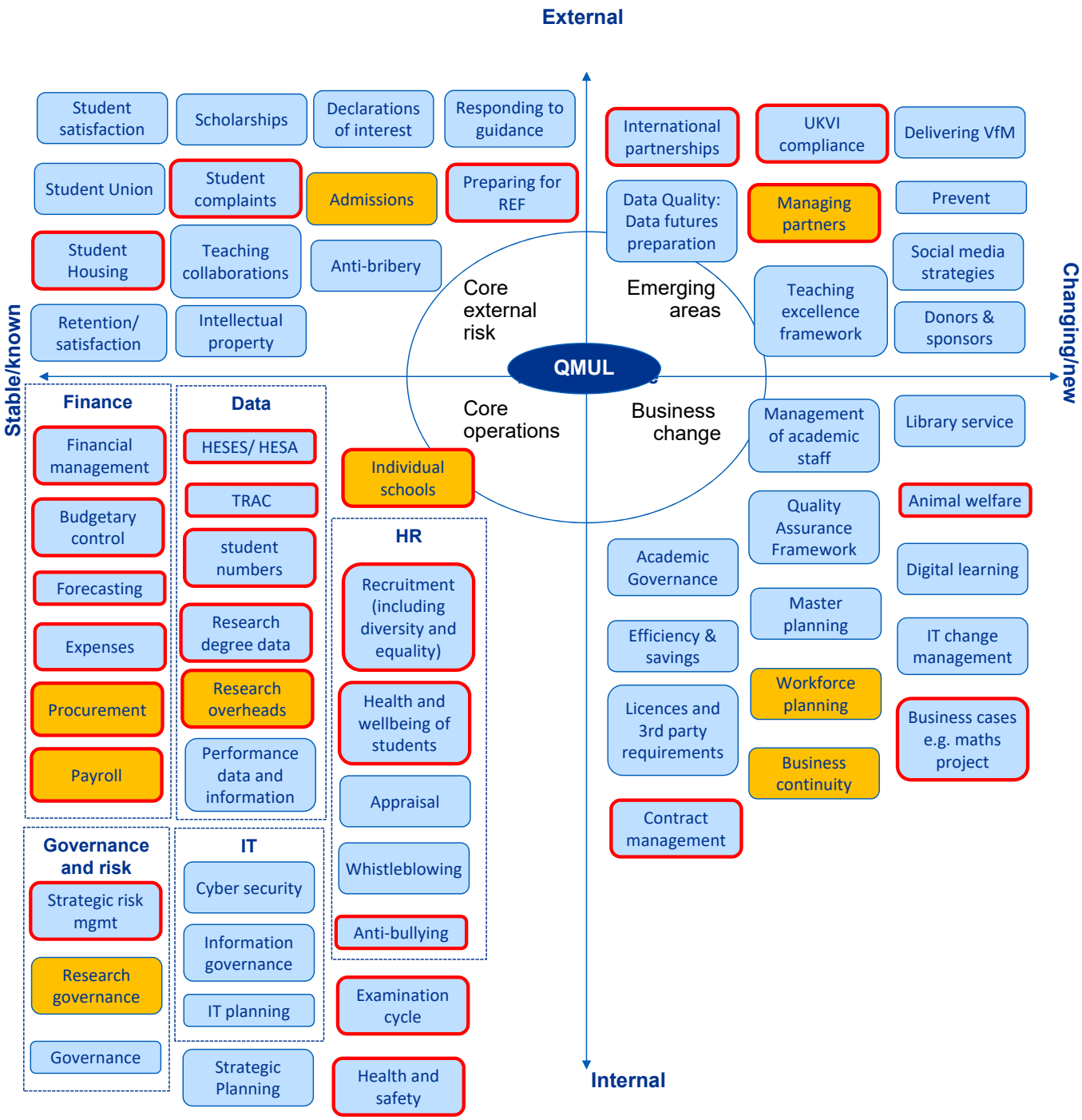
Methodology and risk assessment



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Strategic and operational plan

Areas	Previous assurance	Aggregate risk	Year				
			2017-18	2018-19	2019-20	2020-21	2021-22
Auditable Area		Medium					✓

The first part of our analysis shows which area is being reviewed and identifies a past assurance (and the year it was awarded) or forecast future assurance. The past assurance allows judgement to be made on whether it is still recent and relevant.

The second part of our analysis considers our internal audit risk assessment and uses the following risk assessment process to analyse the system under review.

The third part of our analysis shows the audit inputs. We also show the inputs planned for 2018-19. We also show the indicative areas that we would expect to review as part of our audit work in 2017-22 as part of our strategic plan.

Internal audit risk assessment

Our aggregate risk assessment takes into consideration the overall level of risk associated with the audit area, which considers the *impact* to QMUL of risk associated with the area due to its materiality in financial and /or reputational terms and the *likelihood* of risk associated with the area as a result of the robustness of systems, processes and controls in place to manage it.

Areas	Previous assurance	Aggregate risk	Year				
			2017-18	2018-19	2019-20	2020-21	2021-22
Core external risk							
Student Experience: Satisfaction		Medium			✓		
Student Experience: Complaints procedures		Medium					
Student Experience: Housing		Medium	✓		✓		✓
Student Experience: Admissions		Medium		✓			
Student Experience: Student Union		Medium					
Teaching collaborations		Medium					
Anti-bribery		Medium				✓	
Scholarships		Medium				✓	
Retention / satisfaction		Medium					✓
Partnerships and collaborations: Intellectual property		Medium					
Research degree data		Medium					
Preparing for REF	TBC	High	✓				
Emerging areas							
International partnerships		Medium				✓	
UKVI compliance		Medium			✓		
Data Quality: Data futures		Medium				✓	

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Strategic and operational plan

Areas	Previous assurance	Aggregate risk	Year				
			2017-18	2018-19	2019-20	2020-21	2021-22
Managing partners		Medium		✓			
Academic Quality: Teaching Excellence Framework		Medium				✓	
Social media strategies		Medium				✓	
Donors & sponsors		Medium			✓		
Prevent		Medium					
Core operations							
Governance and risk: Strategic risk management		Medium	✓				
Governance and risk: Governance of Council and committees		Medium		✓			✓
Strategic Planning		Medium					
Student numbers		Medium					
Procurement		Medium		✓		✓	
Financial Controls: Financial management		Medium	✓		✓		
Financial Controls: Payroll		Medium		✓			✓
Financial Controls: Expenses		Medium			✓		
Financial Controls: Forecasting		Medium				✓	
Financial Controls: Budgetary Controls		Medium				✓	
Data Quality: TRAC		Medium	✓				
Data Quality: Performance data and information		Medium			✓		
Individual schools		Medium	✓	✓	✓	✓	✓
Examination cycle		Medium					
Estates and IT: IT planning		Medium			✓		
Sustainability in research		Medium					✓
Delivery VfM		Low					
Estates and IT: Information governance and security		Medium			✓		
Data Quality: HESES / HESA		Low					
Health and safety		Medium				✓	
Research governance		Medium		✓			
Research overheads		Medium		✓			
HR: Recruitment (including Diversity and equality)		Medium	✓				
HR: Health and wellbeing of students	TBC	Medium	✓				
HR: Anti-bullying		Medium				✓	
HR: Whistleblowing procedures		Medium					

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Strategic and operational plan

Areas	Previous assurance	Aggregate risk	Year				
			2017-18	2018-19	2019-20	2020-21	2021-22
HR: Appraisals		Medium					
Business change							
Academic Quality: Academic Governance		Medium			✓		
Efficiency & savings		Medium				✓	
Licences and other 3rd party requirements		Medium			✓		
Contract management		High			✓		
Academic Quality: Quality Assurance Framework		Medium					✓
Academic Quality: Digital learning		Low					
Academic Quality: Management of Academic Staff		Low					
Estates and IT: IT change management		Medium				✓	
Estates and IT: Business continuity		Medium		✓			
Estates and IT: Master planning		Medium					✓
HR: Workforce planning		Medium		✓			
Animal welfare		Medium					✓
Business cases e.g. maths project		Medium					
Student Experience: Library services		Medium				✓	

Area	2017-18	2018-19
Audit fee	**£84,950**	**£84,950**
Contingency (only billable if used)	**£10,000**	**£10,000**

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Timeline and outline scope

This section shows the timing of the reviews we are proposing to perform in the 2018-19 and the headline scope of each.

Review	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Student Experience: Admissions				■	■							
Managing partnerships						■	■					
Research governance								■	■			
Financial management								■	■			
School audit: The Blizard Institute					■	■						
School audit: Centre for Commercial Law Studies					■	■						
Research overheads				■	■							
Estates and IT: Business continuity				■	■							
HR: Workforce planning								■	■			
Audit and Risk Committee dates:				✶			✶				✶	

Each audit will be agreed with Management and will be based on a terms of reference. For the purposes of our audit planning we have completed initial work to identify the potential scope of our audits and the key objectives that they will seek to review. These scopes will be revisited prior to commencing each audit to ensure that they remain relevant.

Area	Issues/controls being reviewed
Financial management	This is a core review which we will undertake in different forms each year. We will review your financial systems cyclically in order to focus resources effectively. For 2018-19 we suggest payroll and procurement are covered.
Schools audits	Each year we undertake a review of a particular school of QMUL to consider the budgetary control, risk management and governance arrangements in place. The School selected for 2017-18 was the School of Biology and Chemical Sciences. For 2018-19 we have agreed to audit two schools School audit: The Blizard Institute and Centre for Commercial Law Studies. The work completed as part of this review will provide sufficient annual coverage on risk management to allow us to provide a Head of Internal Audit Opinion.
Research overhead recovery	In 2014-15 we undertook a review of research overhead recovery. This concluded QMUL had procedures that if implemented effectively would improve the overhead recovery rates for research contracts. However the procedures were not always adhered to and QMUL should improve the monitoring and measurement of overhead recovery to increase it wherever possible. A follow up in 2015-16 found the recommendation raised were being implemented however as part of this year's plan we have agreed to revisit this area to determine whether expected processes continue to be applied.

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Timeline and outline scope

Area	Issues/controls being reviewed
Student Experience: Admissions	Each year Universities face challenges to recruit students into Higher Education, at both an undergraduate and postgraduate level especially since the introduction of higher tuition fees. QMUL like the rest of the HEI sector has future financial plans dependent on continuing to see growth in student numbers. As part of our review we consider the processes in place around admissions in relation to the guidance in place for prospective students and the policies and procedures in place to drive QMUL's processes. Our review will not consider the identification of student numbers as this was subject to a specific internal audit review in 2016-17.
Managing partnerships	QMUL undertakes a range of partnerships and collaborations with other organisations in the higher education sector, other sectors (e.g. the NHS) and also internationally. We reviewed NHS partnerships in 2012-13 and international partnerships in 2014-15 but recognise that relationships regularly change and evolve and as such we have agreed to revisit this area. As part of our review we will assess the governance arrangements QMUL has over partnerships, how risks relating partnerships are captured within QMUL's risk management framework and how collaborations are monitored to ensure they are delivering in accordance with QMUL's strategic objectives.
Research governance	Achieving high standards in research is objective two of QMUL's strategic objectives. This objective is underpinned by a research strategy that sets out nine objectives. In the REF 2014 QMUL was ranked 9th in the UK among multi-faculty universities for the quality of research. Given the importance QMUL places on research it is therefore vital there are effective of governance arrangements in place within the area. The Ethics and Research Committee, a Board of Senate, is responsible for monitoring research activities at QMUL. We will review the governance arrangements in place around research including the monitoring and reporting of performance and whether projects are being scrutinised in line with the terms of reference of the Ethics of Research Committee. We will also consider how key issues and actions are reported through to Senate and to Council.
Estates and IT: Business continuity	We will review QMUL's business continuity governance, strategy and policies and assess the systems for preparing for business continuity risks and identifying risks as they arise. The review will include selecting a sample of a sample of business processes and determining whether the associated business continuity planning is fully aligned and in accordance with the International Standard for business continuity management systems ISO22301 and industry best practice.
Workforce planning	Workforce planning is a key element of people management. Workforce plans should consider short term activity but also factor in a range of future scenarios. Workforce plans provide the context for a range of HR activities including recruitment and the deployment of staff and should be driven from the strategic objectives of an organisation. We will assess QMUL's arrangements against good practice, review the processes in place to forecast workforce requirements for the short and medium term to help ensure that there are sufficient staff in post and whether plans are aligned to other QMUL forward plans.

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Timeline and outline scope

High risk areas identified but not included for audit this year

On pages 5-7 we set out our aggregate risk assessment of all the possible areas identified for review. All areas identified as high risk are subject to audit this year with the following exceptions:

- Preparing for REF: This was subject to review in 2017-18.
- Contract management: A specific review of the maths project and a wider follow up were completed in 2015-16 and 2016-17. We therefore do not propose revisiting this area again until 2019-20.

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Relationship to the risk register

We have outlined the allocation of our reviews to each of the risks identified within QMUL's strategic risk register. We have identified where each of these risks will be addressed in the 2018-19 audit plan.

Areas	Internal Audit coverage
Student recruitment	A review of admissions is planned for 2018-19.
Student experience	There is no specific review on student experience however we have reviews on admissions in the 2018-19 plan. In 2017-18 we undertook reviews of student housing and student health and wellbeing which are key areas in delivering a good student experience.
High quality staff	A review of workforce planning is included within the 2018-19 plan. In 2017-18 we undertook a review of recruitment.
Research income generation	Reviews of research overhead allocation and research governance are planned for 2018-19.
Research output	Reviews of research overhead allocation and research governance are planned for 2018-19.
Impact and innovation	No specific review planned in this area for 2018-19.
Reputational Development and External Relations	A review of partnerships is planned for 2018-19.
Sustainable growth	No specific review planned in this area for 2018-19. We completed a review on TRAC in the 2017-18 plan.
Maintain effective and constructive governance	A review of governance of Council and committees is planned in 2018-19.
Failure to develop and implement strategic development projects in support of the College's overarching Strategic Plan	No specific review planned in this area for 2018-19.
Security of people, assets and data	A review of business continuity is planned in 2018-19. In previous years we have reviewed health and safety, major incident handling and emergency response plans.

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Description of levels of assurance

We have used the following as the basis of the levels of assurance that we provide you with (although it should be noted that these represent an indicative approach as the overall assurance provided is a matter of professional judgement).

Assurance level	Classification
Significant assurance	Means the system is well designed and only minor low priority recommendations have been identified related to its operation. Might be indicated by priority three only, or no recommendations (i.e. any weaknesses identified relate only to issues of good practice which could improve the efficiency and effectiveness of the system or process).
Significant assurance with minor improvement opportunities	Means the systems is generally well designed however minor improvements could be made and some exceptions in its operation have been identified. Might be indicated by one or more priority two recommendations. (i.e. there are weaknesses requiring improvement but these are not vital to the achievement of strategic aims and objectives – However, if not addressed the weaknesses could increase the likelihood of strategic risks occurring).
Partial assurance with improvements required	Means both the design of the system and its effective operation need to be addressed by management. Might be indicated by one or more priority one, or a high number of priority two recommendations that taken cumulatively suggest a weak control environment. (i.e. the weakness or weaknesses identified have a significant impact preventing achievement of strategic aims and/or objectives; or result in an unacceptable exposure to reputation or other strategic risks).
No assurance	Means the system has not been designed effectively and is not operating effectively. Audit work has been limited by ineffective system design and significant attention is needed to address the controls. Might be indicated by one or more priority one recommendations and fundamental design or operational weaknesses in the area under review. (i.e. the weakness or weaknesses identified have a fundamental and immediate impact preventing achievement of strategic aims and/or objectives; or result in an unacceptable exposure to reputation or other strategic risks).

We have also provided the following definitions for the priority of the recommendations that we may raise within our reports:

Priority	Description
Red – priority 1	A significant weakness in the system or process which is putting you at serious risk of not achieving its strategic aims and objectives. In particular: significant adverse impact on reputation; non-compliance with key statutory requirements; or substantially raising the likelihood that any of your strategic risks will occur. Any recommendations in this category would require immediate attention.
Amber – priority 2	A potentially significant or medium level weakness in the system or process which could put QMUL at risk of not achieving its strategic aims and objectives. In particular, having the potential for adverse impact on your reputation or for raising the likelihood of your strategic risks occurring.
Green – priority 3	Recommendations which could improve the efficiency and/or effectiveness of the system or process but which are not vital to achieving your strategic aims and objectives. These are generally issues of good practice that the auditors consider would achieve better outcomes.

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Internal audit charter

Internal audit charter

This Internal Audit Charter is the framework within which the Internal Audit function operates and formalises the arrangements approved by the Audit and Risk Committee for the internal audit service provided by KPMG LLP to Queen Mary University of London (QMUL).

Roles and responsibilities

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, recommendations, and other relevant information concerning the activities of QMUL. We also aim to promote effective internal control at a reasonable cost and to facilitate the risk management process throughout the organisation and help embed this process. We set out below the respective responsibilities of the Head of Internal Audit and QMUL.

Role and responsibilities of the Head of Internal Audit:

The key role of internal audit is to assist QMUL in discharging is governance responsibilities. As your Head of Internal Audit, Neil Thomas will ensure:

— The independence and objectivity of the internal audit service, as well as the individual independence and objectivity of members of the audit team;

— The development of an Annual Audit Plan and five year Audit Strategy. In conjunction with QMUL we will establish a five year Audit Strategy to determine the priorities for internal audit work which are consistent with the organisation's goals. From this strategy risk-based annual internal audit plans will be determined. This will outline the assignments to be carried out in any one year, their respective priorities and the estimated resources needed. The Annual Internal Audit Plan will be flexible and kept up to date with the organisation and its changing risks and priorities. Any changes to the plan will be reported to the Audit and Risk Committee for approval;

— Internal audits are planned and conducted in a manner designed to fulfil the objectives as approved by the Audit and Risk Committee and that high standards and a consistent approach are adopted by internal audit staff;

— All members of the audit team have the skills, experience and competencies needed to deliver an effective internal audit service. This includes the need to ensure the continuing professional development of all members of the team;

— The implementation of KPMG LLP's quality assurance programme, compliance with internal and external assessments, and delivery of arrangements to ensure the continued improvement of the internal audit service;

— Compliance with all relevant international standards for the professional practice of internal auditing;

— The reporting of key findings and recommendations arising following internal audits to the managers responsible for the area being audited, to the Chief Operating Officer and to the Audit and Risk Committee;

— Regular and appropriate liaison with external audit to ensure optimal audit coverage to QMUL;

— Assistance in the design of new controls and the understanding of internal control principles by management and other staff, affording regular consideration to the adequacy of internal control processes; and

— The delivery of an Annual Internal Audit report that can be used by QMUL to inform its governance statement. The annual report will incorporate:

- A summary of the completed; and
- A statement on conformance with standards and the results of the quality assurance an improvement programme.

Roles and responsibilities of the Internal Audit Manager

The Internal Audit Manager is responsible for maintaining effective internal audit activity on an ongoing basis. This includes:

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Internal audit charter

- Monitoring and reviewing the effectiveness of the internal audit function;
- Reviewing and assessing the Internal Audit Strategy and Annual Internal Audit Plan and its progress;
- Ensuring the internal audit function is adequately resourced, has appropriate reporting lines, and enjoys appropriate standing within the organisation; and
- Consideration of management's response to internal audit recommendations and progress in their implementation.

Independence and objectivity

The independence of internal audit is assured by KPMG LLP's Head of Internal Audit Neil Thomas reporting to the Chief Operating Officer of QMUL.

KPMG LLP's Head of Internal Audit also has direct access to the Chair of the Audit and Risk Committee, to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Where independence is impaired in fact or appearance, KPMG LLP's Head of Internal Audit will report the details to the Chair of the Audit and Risk Committee and the Chief Operating Officer. The nature of the disclosure will depend upon the impairment.

However, it is important that our independence in reporting to the management and the Audit and Risk Committee does not appear to be compromised but equally that QMUL should not be deprived of expertise where it is needed and can be leveraged from KPMG LLP as a whole.

We have detailed below the threats to independence that theoretically exist and sought to provide a definition of the work that can be shared by QMUL and KPMG LLP:

- **Self interest**, where an interest in the outcome of their work or in a depth of relationship with QMUL may conflict with the auditors' objectivity;
- **Self audit**, where the auditors may be checking their own colleagues work and might feel constrained from identifying risks and shortcomings;
- **Advocacy**, which may be present in engagement but could become a threat if an auditor becomes an advocate for an extreme position in an adversarial matter; and
- **Familiarity or trust**, where the level of constructive challenge provided by the auditor is diminished as a result of assumed knowledge or relationships that exist.

In order to provide a transparent mechanism by which internal audit work can be reviewed and progressed without too great an administrative burden falling on QMUL, the following categories of work have been agreed as applying to the professional services available from KPMG LLP:

- Audit reviews not requiring Audit and Risk Committee notification;
- Committee cycle, this will be agreed with management and reported as such to the next Audit and Risk Committee.
- Audit and advisory reviews requiring Audit and Risk Committee notification;

  We will confirm as part of our annual planning those systems that have been subject to review or input by KPMG LLP advisory services. Where these systems also form part of our annual audit plan we will ensure that we seek Audit and Risk Committee approval at the planning stage prior to the commencement of any internal audit work in this area.

  We have mechanisms in place to share information with KPMG LLP advisory of new projects entered into and will therefore also update the Audit and Risk Committee throughout the year of any work that requires their approval in addition to those identified at the planning stage. Each project will be dealt with on a case by case basis and the arrangements we are putting place to control conflicts will be scoped and varied depending on the nature of the other work that we have performed.
- Projects that are not permitted;

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Internal audit charter

— We may, on occasion, find that previous work we have performed prevents us from being able to provide an independent audit assurance. In these rare cases we will work with you to ensure that alternative sources of assurance can be sourced for management and the Audit and Committee.

Fraud and irregularities

It is a management responsibility to maintain systems and to ensure that resources are properly applied in an appropriate manner on approved activities. This includes responsibility for the prevention and detection of fraud and other illegal acts.

Internal audit staff shall have regard to the possibility of such malpractice and should seek to identify serious defects in internal control which might permit the occurrence of such events.

KPMG LLP's Head of Internal Audit should be advised of any discovery or suspicions of malpractice by management or the Audit and Risk Committee. Likewise KPMG LLP's Head of Internal Audit is responsible for notifying management or the Audit and Risk Committee in the event of internal audit staff discovering evidence or suspicion of malpractice.

QMUL shall determine any action to be taken.

Liaison with other auditors

The internal audit function extends to activities which should be of interest and benefit to the external auditors of QMUL; in particular through the review and evaluation of financial systems and investigations relating to key business risks.

Internal audit plans and assignment reports will be issued to the external auditors on a regular basis to actively plan and avoid:

— Clashes in visits:

— Duplication of effort; and

— Unnecessary disruption to business and supporting areas.

Periodic meetings will be held between internal audit staff and the external auditors to discuss liaison matters and ensure an appropriate dialogue to identify, and take action on, areas where liaison can achieve time savings or improved performance. External audit should be explicitly requested to review the annual plan and comment thereon formally to the Audit and Risk Committee.

Internal audit working papers will be made available to external audit for review at mutually convenient times.

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