

AUDIT COMMITTEE REPORT

| | |
|---|--|
| Subject: Internal and External Audit Recommendations Follow-up | Purpose: For Approval <input type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input checked="" type="checkbox"/> |
| Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services | Date: 31 January 2019 |
| Purpose: To provide the Committee with an update on progress with outstanding recommendations raised by Internal and External Audit. | |
| Linked to Strategic Goal 5: Build Sustainability. | |
| Executive Summary: The format of this report has been reviewed to include follow up of both Internal and External Audit recommendations. The content has been refreshed to provide members with a clearer position in relation to work still outstanding to address recommendations. A BRAG rating system has been introduced: <div style="margin-left: 40px;"> BLUE Action complete – close RED Action delayed – priority to complete AMBER Revised date for completion and on track with revised date GREEN On track for completion </div> Future updates will include embedded evidence of completion of action points. Members attention is drawn to the following items: <ul style="list-style-type: none"> Development of online student applications is going well however we have identified that this work is really three separate projects. A fully functional online portal for schools and employers will require further scoping work. These elements have not progressed yet due to insufficient resources to take forward all three projects at the same time. We have undertaken an ISLT strategy planning session on 30 January and will be discussing our priorities for the workplan going forward in February. This will include consideration of the need for sustainable developer resource. Items outstanding from the 2016 IT Security Review have been superseded by our activities in relation to securing Cyber Security Accreditation which will be completed by April 2019. Audit Committee will be appraised of this important development. Matters relating to financial procedures have been delayed due to the absence of the Head of Finance and Procurement. Alternative arrangements are in place to address these recommendations. <p>The full list is attached. Items marked as closed will be removed from the next update.</p> | |

| | | |
|---|---|--|
| Recommendation: Members are invited to note the revised format and the update provided. | | |
| Previous Committee Approvals: n/a | | |
| For publication <input checked="" type="checkbox"/> | For publication with redactions <input type="checkbox"/> | Not for publication <input type="checkbox"/> |

Borders College Internal Audit Monitoring Action Plan

| AUDIT YEAR | REPORT | RECOMMENDATION | MANAGEMENT RESPONSE | GRADE | RESPONSIBLE PERSON | DUE DATE AGREED WITH AUDIT | STATUS | EVIDENCE | OUTSTANDING ACTIONS JANUARY 2019 | REVISED DATE |
|------------|------------------------|--|---|---------------------------------------|----------------------------------|--|--------|--|---|-----------------------------|
| 2018 | MARKETING | Communication with Senior Leadership Team - We recommend that the College Marketing Team meet with the College's Senior Leadership Team on a regular basis such as monthly or bimonthly. | | Medium | Marketing & Publications Manager | 31/01/2018 | B | | No actions outstanding. The Marketing Manager regularly attends both the AP/CLM meetings and BDU Managers meetings as well as 1:1 meeting with the Head of BDU. These meetings occur on a monthly or even more regular basis depending on the requirements of the areas involved. Jan 2019 Close | |
| 2018 | MARKETING | Evaluation and review of printed material for College courses - We recommend that the Marketing Team carry out an evaluation and review of the success of the College's printed marketing material. | | Medium | Marketing & Publications Manager | 31/03/2018 | B | Evaluation was completed and approved by the Principal in February 2018. | None Jan 2019 close | |
| 2017 | MIS | Course Information - Follow up review 2017/18 - The Head of MIS has developed a Tools for Reporting Service Report that Faculty Heads and MIS use for the updating of course information onto the Unit-e system. | | Medium | Head of MIS | 31/07/2018 | B | | None. This is now being used by Assistant Principals and MIS. Jan 2019 close | |
| 2017 | MIS | Online Applications - Follow up 2017-18 - We recommend that the College review the success of the schools trial and look to implement online applications for all courses on offer. | Agreed. This will require resource of approx. £40k to implement and will be considered for 2018-19. | Low | Head of MIS & Head of ISLT | 31/07/2018 | A | Online Application products i.e. Student Facing Applications screens, Staff Advantage Screens and Back Office screens. | January 2019 This work comprises three separate projects: student facing services, schools academy and employer facing services. Significant development has been undertaken on the student online applications process and full time, relevant part time and school courses can all be applied for online. The current developments are being rolled out to staff to allow them to process applications to their courses. However the School courses should have a portal of their own to make this as user friendly as possible however that would require a further significant development. A fully functional schools portal and employers portal will require to be scoped. Further consideration of the work required will need to be part of the prioritisation of the ISLT workplan. This prioritisation exercise will commence in February 2019. | review situation 31/03/2019 |
| 2017 | MIS | Student Certification - Follow up review 2017/18 - We recommend that the College continue uploading electronic data to awarding bodies where possible and following the finalisation of the A2C project upload all information electronically. | | Low | Head of MIS | Following completion of national project | B | | Nov 2018 - As this is dependant on a National Project that has not progressed I recommend that this be removed until such time as the National project has progressed far enough for this to be re-visited. January 2019 close | |
| 2017 | PERFORMANCE MANAGEMENT | We recommend that the Staff Performance and Development Review policy is uploaded to the website and the redundant Individual Staff Review policy is removed. | | Low | Head of HR & Development | 31/03/2016 | B | The revised policy and procedure is now available on the College web site and the previous version has been removed. | Jan 2019 close | |
| 2017 | ELS PLSP | We recommend that the College ensure all students formally accept the PLSPs that are put in place for them. | | Low | ELS Manager | 15/09/2015 | B | | Jan 2019 None required - close | |
| 2017 | FEE WAIVER | We recommend that the College ensure there has been sufficient evidence reviewed and this is either copied for the students application or there is a detailed explanation on the review of such documentation which should be signed and dated. | | Low | Head of Finance & Procurement | 18/09/2015 | B | | Jan 2019 None required - close | |
| 2017 | ISLT | Business Impact Analysis - 2017/18 Follow up - We recommend that the College ensure the Business Impact Analysis for the College is completed for all College systems. | Agreed. Impact Analysis currently underway. | Medium | Head of ISLT | 30/06/2018 | A | | COMPLETED for student funding. Action moved to audit year 2018 and rebranded. Nov 18 All departments should have business continuity plans which set out how systems can operate manually until the system has been recovered. We will be undertaking a programme of work in relation to BCP in the summer. At present we have not identified any areas for priority of recovery of systems. BCPs will be reviewed to identify priority systems. Jan 2019 BCP review activity is currently being planned for later in the year. Revised date requested. | 30/09/2019 |
| 2016 | IT SYSTEMS | Web-filtering Protection - 2017/18 Follow up - We recommend that the College continue the investigation on the technical feasibility of separating the filtering policy and look to ensure appropriate web filtering is installed. | Agreed. Feasibility work is underway and a decision will be taken as to whether a solution is available after completion. | Regraded to Low from Medium on 8/2/18 | Head of ISLT | 31/07/2018 | A | | Nov 2018 - We are performing web filtering via the Barracuda web proxy for all of the machines on our wired LAN. The main issue is that we don't have filtering for students on our Eduroam network (BYOD devices). Ideally we'd have a separate web filtering device/solution for Eduroam as we have been told that pushing Eduroam web traffic through Barracuda is a security issue related to the way the network is segregated up. Cost would be between £10-15K for a separate filter like the barracuda or something similar from smoothwall. | review situation 28/02/2019 |
| 2016 | IT SYSTEMS | We recommend the College review and investigate the remote access solution and its capabilities and look to provide a more secure connection for staff to access College data. This would then be documented as part of the College's ICT Security Policy. | | Low | Head of ISLT | Completed | B | | Jan 2019 None required - covered by the IT Security recommendation below - close | |

| | | | | | | | | | | |
|------|------------|--|---|--------|--------------|------------|---|--|--|------------|
| 2016 | IT SYSTEMS | IT Security Policy - Follow-up review 2017/18 - We recommend that the College ensure the new IT Security Policy is completed and implemented. | Agreed. Policy scheduled to be approved at JCCP June 2018. | Medium | Head of ISLT | 31/07/2018 | A | | Jan 2019. This action is superceded by the requirements of Cyber Security Essentials Plus. The College is working towards full accreditation by April 2019. Recommend keeping this recommendation open so that Audit Committee are assured of progress on Cyber Security accreditation. Recommend increasing the rating of this action to Medium. Change in due date to April | 30/04/2019 |
| 2016 | IT SYSTEMS | PIN Codes Smart Devices - Follow up review 2017/18 - The College set a policy within Microsoft exchange which forced any device connecting to the College network to set up a PIN code. | | Medium | Head of ISLT | 30/06/2017 | B | | Email to staff informing them of PIN requirement changes sent out & PIN requirement will be active from Fri 16th Feb 2018. Jan 2019 no further action - close | 01/03/2018 |
| 2016 | IT SYSTEMS | Endpoint Control Solution - Follow up 2017/18 - We recommend that following a review of the report provided by the Interim Head of ISLT a decision is made to ensure there are appropriate controls in place over data leaving the College network via removable media. | Agreed. A solution has been sourced, this would require approximately 15 days consultancy and £20k to implement. It will be considered as part of the resource allocations for 2018-19. | Low | Head of ISLT | 31/07/2018 | A | | Jan 2019. This action will be addressed by the action plan for Cyber Security Essentials Plus. The College is working towards full accreditation by April 2019. Recommend keeping this recommendation open so that Audit Committee are assured of progress on Cyber Security accreditation. Change in due date to April | 30/04/2019 |

Borders College External Audit Monitoring Action Plan

| AUDIT YEAR | TOPIC | RECOMMENDATION | GRADE | RESPONSIBLE PERSON | DUE DATE AGREED WITH AUDIT | STATUS | EVIDENCE | OUTSTANDING ACTIONS JANUARY 2019 | REVISED DATE |
|------------|---|--|-------|--|----------------------------|--------|----------|---|--------------|
| 2017 | Campus Lifecycle Trust Fund | No issues have been identified with the approach taken to date for administering the bank account. However, the College should consider updating the contracted terms or getting formal confirmation that the approach being taken is accepted by all parties. | 2 | Vice Principal Finance and Corporate Resources | 31/12/2017 | A | | Verbal agreement has been reached however this requires to be documented. This will be picked up at the next Campus Management Committee. Revised date requested. | 31/03/2019 |
| 2017 | Estimation basis for the Netherdale provision | While the adequacy of the provision has been subject to internal review, we consider the College should ensure reassessment by an independent Quantity Survey periodically throughout the life of the agreement. | 3 | Vice Principal Finance and Corporate Resources | 31/07/2019 | G | | This action is not yet due. The College has engaged consultants to undertaken this review. Date will be achieved. | |
| 2018 | Journal entries | While our audit review in respect of the 2017/18 financial year did not identify any indications of incorrect or fraudulent journal postings, we recommend that the College reviews approval processes to ensure all manual journals are appropriately reviewed and authorised. Additionally, the College should ensure processes are consistent with the Financial procedures manual. | 3 | Head of Finance and Procurement | 31/01/2019 | A | | Jan 2019. Review of procedure manual has been delayed to February due to absence of Head of Finance and Procurement. Benchmarking with other Colleges will be undertaken to streamline our processes, maximise delegation whilst maintaining adequate controls. Revised date requested. | 28/02/2019 |
| 2018 | System access removal | The College should ensure in future that leavers are promptly removed as users for all IT systems in the College, bank accounts and directorships. Where suppliers do not address requests promptly, the College should ensure these are actively chased to reduce the risk of fraudulent activity. | 2 | Head of Finance and Procurement | Immediate | B | | Complete - close | |
| 2018 | Declaration of interests | The College should ensure that all members are asked to review their registers of interest on at least an annual basis and reminded of the importance of ensuring that up-to-date registers of interest are maintained. | 3 | Board Secretary | 31/12/2018 | B | | The Board Secretary has introduced this additional control as well as members being asked to confirm changes of declarations of interest at every Board and Committee meetings. Complete - close. | |
| 2018 | Year end preparedness | The College should ensure that a timetable is in place for year-end close down of the ledger and preparation of the financial statements. This should ensure that all audit and committee deadlines are met. This should also aid in sufficient time being allocated to ensure all key disclosures are in line with best practice. | 3 | Head of Finance and Procurement | 30/06/2019 | G | | This is not yet due and will depend on the agreed timetable with external audit. | |
| 2018 | Impairment review | While additional audit work was performed and did not identify any issues which would indicate that the College's land and buildings are valued incorrectly, the College should ensure that a review is conducted in the interim years between valuations. This review should be documented with clear consideration of the factors likely to impact the property and land value. | 3 | Vice Principal Finance and Corporate Services | 31/07/2019 | G | | This is not yet due. | |
| 2018 | Asset held for sale | We obtained confirmation from external sources regarding the property value. However, in future, the property should ensure that a documented review of the property and associated value is performed. The College does not have any direct financial risk associated with the property as any sales proceeds would be passed to the Scottish Funding Council, however, the College does have a responsibility to ensure that the site is actively sold and steps are taken to ensure this is processed in the near future. | 2 | Vice Principal Finance and Corporate Services | 31/07/2019 | G | | We are in active discussion with our agent, SBC and SFC regarding potential demolition of the site and creating a new design brief. This will inform a view about valuation for the 2019 accounts. | |
| 2018 | Payroll reconciliations | While audit performed the reconciliation with no material differences observed, the College should ensure that payroll reconciliations are performed on a monthly basis and in a timely manner to ensure differences can be promptly addressed and investigated. | 3 | Head of Finance and Procurement | Immediate | A | | This has been delayed due to the absence of the Head of Finance and Procrument. A temporary management accountant has been engaged who will take this issue forward. Revised date | 28/02/2019 |
| 2018 | Financial Forecasting Return | Future FFRs should show the movement between previous iterations of the FFR and include management's justification for changing figures. Management should also prepare greater scenario planning and include optimistic, likely and pessimistic assumptions for review by the Board. | 3 | Vice Principal Finance and Corporate Services | 31/05/2019 | G | | Budget tracking was introduced in December 2019 and reported to the SLT. Scenario planning for 19/20 is not yet due | |