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AUDIT COMMITTEE REPORT

Subject: Internal and External Audit Recommendations Follow-up	**Purpose:** **For Approval** ☐ **For Discussion** ☐ **For Information** ☒
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 16 September 2020

Purpose:

To provide the Committee with an update on progress with outstanding recommendations raised by Internal and External Audit.

Linked to Strategic Goal: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland

Executive Summary:

This report includes follow up of both Internal and External Audit recommendations. Recommendations from the data event report have been included.

A BRAG rating system sets out the status of each:

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

The table below summarises progress.

Internal and External Audit Recommendations - Progress
16 September 2020

	Internal audit			External audit	DP breach	TOTAL
	High	Medium	Low			
Closed		2	1	1		4
On track			2		2	4
Revised deadline	1		3		5	9
Overdue / concern						0
TOTAL	1	2	6	1	7	17

Members attention is drawn to the following items:

- The high risk matter relating to further controls on data leakage is part of a wider project to implement Office365. The deadline for this action is approaching and we will be locking down USB ports by the end of September.

- The low risk matter relating to backup strategy has become high risk due to the recommendations of both the Digital Transformation Programme Stage 1 report and the Cyber Resilience Technical Assessment. Both reports highlight the need to strengthen backup arrangements as a priority. Options have been explored and we will improve the tape back up system in Galashiels and the offsite backup in Hawick. This will be implemented within a few weeks.
- Members are reminded that a substantive review was required of the Financial Regulations, which sets the context for the Finance Manual. The the priority areas are procurement and purchasing, and fixed assets. We deferred work on this until after the Sun upgrade, which completed in July 2020. We will be implemented the new purchase to pay journey in October.
- Annual accounts time table is in place and being adhered to.

The full list is attached. Items marked as closed will be removed from the next update.

Recommendation:

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Members are invited to note the update provided and request any further assurances as to progress.

Previous Committee Approvals:

N/A

For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

Internal and External Audit Recommendations - Progress
16 September 2020

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Borders College Internal Audit Monitoring Action Plan **16 September 2020**

AUDIT YEAR	REPORT	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	OUTSTANDING ACTIONS SEPTEMBER 2020	OUTSTANDING ACTIONS MAY 2020	REVISED DATE
2020	Information Governance	We recommend that the College ensure that the Article 30 Register is fully completed and continues to be monitored monthly.	Medium	Data Protection Officer	30/06/2020	B	Article 30 register is in place for all areas of the College and is subject to ongoing review.		
2020	Information Governance	We recommend that the College review the Freedom of Information Procedure and update this were required. The College could consider gender neutral language such as "they" to resolve any future change in the role. We also recommend that the College document its review dates for its Model Publication Scheme. We also recommend that the College review the link on their website for Freedom of Information to ensure this is active and is working as required.	Low	VP Finance & Corporate Services	30/09/2020	G	This work has not yet commenced due to competing priorities, particularly the impact of Covid-19.		
2020	Information Governance	We recommend that the role of the Data Protection Champion should be clearly defined and recirculated to staff members.	Low	Data Protection Officer	Immediate	B			
2020	Information Governance	We recommend that the College complete the Data Retention Policy and Procedure and that is reviewed and approved by the Board.	Low	Head of ISLT	30/09//2020	A	Work is ongoing with the DPO and this should be complete by end September. If required it will be taken to the Board in October.		31/10/2020
2020	Commercial Income	We recommend that the College set commercial income targets for all faculties and that is monitored and reported on during the year	Low	Finance Business Partner	30/06/2020	A	This has not progressed as yet due to Covid-19 impact, on workload, the restructure, and on delivery. This will be picked up on review of period 2 management accounts.	Detailed budget setting work has been delayed in starting due to COVID19 impacts and setting commercial targets may be significantly impacted (positively and negatively) by the impact of lockdown. This will require careful consideration and regular review under the current circumstances.	30/10/2020
2019	IT systems	We recommend that the College continue with their implementation of Office 365 and develop an action plan for locking down all other forms of media once the transitionary period is complete.	High	Head of ISLT	31/08/2019	A	Office 365 email migration is now complete and OneDrive migration is currently underway and we have set a date for staff to complete this by the end of October. We will implement a lock down process for USB devices. Action will be complete by Friday 2 October.	Office 365 email and OneDrive migration is currently underway which when complete will allow us to implement Data Leakage Prevention (DLP) strategy by restricting use of USB storage devices. Delay on this due to overrun of Identity Management (IDM) and Office 365 project and resources due to Covid19 situation.	02/10/2010
2019	IT systems	We recommend that the College complete patching strategies for servers and network infrastructure	Medium	Head of ISLT		B	Upgrades complete	Servers currently have a patching strategy in place which is a combination of automated patching for 'low risk' servers using SCCM whilst critical and high risk servers are a manual process. Both are completed on a monthly basis. We have implemented PDQ Deploy software to manage our 3rd party applications. Network Infrastructure schedule in progress and will be completed in June. Manual upgrades currently in place	Completed
2019	IT systems	We recommend that the College update the IT Disaster Recovery Plan and test to make sure that the IT Systems can be brought online in the event of a disaster. We recommend that the College complete the required tests over Summer 2020 and update their Disaster Recovery Plan accordingly.	Low	Head of ISLT	30/09/2019	R	This area is being given priority now based on findings of Digital Transformation Programme report and cyber risk threat assessment. Upgrade of back up process being implemented.	Full system failure test was planned, however due to the Covid19 we have to revisit this once staff are back in the college.	30/10/2020

2018	Budgetary Control	**Financial Procedures Manual -** We recommend that following the upgrade to the finance system the College continue to review and update the finance procedures manual	Low	Finance Business Partner	31/07/2018	A	Completion of SUN upgrade further delayed to end July. Now complete. Update of financial procedures will commence in October 2020 with purchase to pay.	This work has been furhter delayed due to COVID19. On completion of the SUN upgrade which is programmed for completion at the end of May 2020, the Finance Business Partner will undertake a systematic review of financial procedures. The intention is, the introduction of a Financial Procedures Manual, which is "future proof", easier to update for changes in processes, and more user "friendly" and has been the product of the current incumbents.	31/12/2020

Borders College External Audit Monitoring Action Plan **16 September 2020**

AUDIT YEAR	TOPIC	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	OUTSTANDING ACTIONS SEPTEMBER 2020	OUTSTANDING ACTIONS MAY 2020	REVISED DATE
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	Finance Business Partner	30/06/2019	C	Timetable in place and being adhered to. Accounts ready 16/09.	The COVID19 situation will significantly impact on the accounts and audit process. Part of the year has involved a major change in processing arrangements. Until we are clearly about the lockdown exit plan it is not possible to fully compile a timetable. We envisage the exit plan being clearer in the coming weeks therefore have set the revised date for agreeing timetable as end June.	30/06/2020
2019	Asset Management controls	Management should perform a full review of the asset register to ensure that; Asset descriptions are specific and include location, quantity and make/model All assets listed on the register are still in use and can be physically verified Information is consistent with other registers held across the College Reconciliations and verification exercises should be performed at least annually to provide assurance over accuracy. Disposal controls and the established process should be reiterated to all staff and management should follow up on any disposals that cannot be mapped to the asset register.	3	Finance Business Partner	31/03/2020	A	Due to Covid-19 it has not been possible to undertake physical verification	Unfortunately this work had not commenced in earnest prior to the closure of the buildings for COVID19 purposes. It may now not be possible to fully complete this verification exercise this year. We may be able to undertake a desk top verification process but not physical. The situation will be clearer by end June 2020	31/03/2021

Borders College DP Breach Action Plan **16 September 2020**

AUDIT YEAR	TOPIC	RECOMMENDATION	RESPONSIBLE PERSON	DUE DATE	STATUS	OUTSTANDING ACTIONS september 2020	OUTSTANDING ACTIONS MAY 2020	REVISED DATE
2020	Two factor authentication	Sensitive personal data should only be added, amended, shared or deleted on receipt of at least two factor authentication. Where possible this requirement should be built into systems, by design. If not possible then manual procedures will need to be adopted.	All SLT managers	31/03/2020	G	We have added a column to the Master Register of Processing Activity (Article 30) to identify where the 'sensitive' data is to assist in ensuring there is a 2FA process in place. Priority will be given the resolve high risk areas.	SLT managers have been advised of this requirement. Compliance will be reviewed as part of bi annual reviews of Article 30 register	31/12/2020
2020	Two factor authentication	Relevant policies, manuals, guidance and procedures should be updated	VP F&CS	tbc	A	JCCP meeting has been cancelled.	These will need approved by the JCCP at its next meeting (Date to be agreed)	31/12/2020
2020	Email filtering	Further filtering of emails should be seriously considered.	Head of ISLT	31/03/2020	A	Cyber Security Audit scheduled with Barrier Networks at the end of August. During Setpember we will receive the report which we will review recommendations	The Head of ISLT is presenting a paper to SLT regardng outcome of the security audit which would address the need for this recommendation and provide options for implementation	30/10/2020
2020	Email etiquette	Implement regular training and testing regime for email etiquette	Head of ISLT/ Head of HR and Development	31/03/2020	A	Cyber Security Audit scheduled with Barrier Networks at the end of August. During Setpember we will receive the report which we will review recommendations	The Head of ISLT is presenting a paper to SLT regardng outcome of the security audit which would address the need for this recommendation and provide options for implementation	30/10/2020
2020	Information Security Policy	Review implementation of Information Security Policy to ensure maximum benefit obtained from technical measures	Head of ISLT	31/03/2020	A	Cyber Security Audit scheduled with Barrier Networks at the end of August. During Setpember we will receive the report which we will review recommendations	The Head of ISLT is presenting a paper to SLT regardng outcome of the security audit which would address the need for this recommendation and provide options for implementation	30/10/2020
2020	Electronic systems policy	Review and refresh Electronic Systems Policy and Procedure	Head of ISLT	30/06/2020	G	JCCP meeting has been cancelled.	This policy is largely covered by other policies and may no longer be required. The situation will be reviewed in time for the next JCCP (date to be agreed)	31/12/2020
2020	DPIA	Once DPIA training has been completed (January) we should create an implementation plan to assess systems on a risk prioritised basis.	All SLT managers	31/03/2020	A	The DPIA training delivered in January did not include all staff that should have this training. However, the DPO is currently developing a DPIA recorded webinar for another client which could easily be available for other clients too. There is also the DP by Design and Default briefing for SLT in the process of being finalised and it links with DPIA requirements. So the webinar could be used to get all the appropriate staff fully trained on DPIAs and DP by design and default.	Training is complete however we have not completed the gap analysis of where DPIAs are required. The DPO will pick up on this as part of her programme of ongoing work with the data protection champions and the six monthly review of the Article 30 register. DPIAs are now being used for new and changes in processing.	30/09/2020