

AUDIT COMMITTEE REPORT

Subject: Internal Audit Assignment – Follow-up Review	Purpose: For Approval <input checked="" type="checkbox"/> For Discussion <input type="checkbox"/> For Information <input type="checkbox"/>
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	Date: 12 May 2021
Purpose: To present the findings of the Follow-up Review from April 2021.	
Linked to Strategic Goal: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland	
Executive Summary: Attached is the Internal Auditor's report on the Follow-up Review of previous assignments. The report concluded that: <i>"We can provide a substantial level of assurance that the College has endeavoured to implement recommendations raised in prior years. This is highlighted as 7 of the 13 recommendations raised have been fully implemented and a further 3 have been partially implemented. At the time of our review 3 low grade recommendations have yet to be implemented".</i>	
Recommendation: Committee to consider and approve the report and management responses, with further actions as necessary.	
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Not for publication 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 2020/21

Follow Up Review

April 2021

Overall Conclusion

Substantial

Section	Page
1. Executive Summary	3
2. Audit Arrangements	6
Appendices	
A. Not Implemented Recommendations	8
B. Partially Implemented Recommendation	13
C. Fully Implemented Recommendations	18
D. Grading Structure	27
E. Assignment Plan	29

The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Borders College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

Purpose of Review

The purpose of the review was to assess whether the College has appropriately implemented the internal audit recommendations made in 2019/20 and earlier years. Our review considered whether any issues are outstanding beyond the agreed implementation deadline.

Our review considered all outstanding recommendations to provide the Board, via the Audit Committee, with independent assurance that we are satisfied that these recommendations have been fully implemented by the College and can therefore be removed from the audit action plan.

This assignment is part of the agreed 2020/21 Annual Internal Audit Plan for the College.

Scope of Review

Our objective for this review was to ensure:

- The College has appropriately implemented any outstanding internal audit recommendations made in prior years.

Our approach to this assignment will take the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Conclusion

Overall Conclusion: Substantial

We can provide a substantial level of assurance that the College has endeavoured to implement recommendations raised in prior years. This is highlighted as 7 of the 13 recommendations raised have been fully implemented and a further 3 have been partially implemented. At the time of our review 3 low grade recommendations have yet to implemented.

Summary of Recommendations

Grading of Recommendations	High	Medium	Low	Total
Appendix A – Not Implemented Recommendations	-	-	3	3
Appendix B – Partially Implemented Recommendations	-	-	3	3
Appendix C – Fully Implemented Recommendations	1	3	3	7
Total	1	3	9	13

Implementation of Recommendations

Summary of Implementation				
Audit Area	Total	Not Implemented	Partially Implemented	Fully Implemented
Commercial Income (January 2020)	1	1	-	-
Information Governance (March 2020)	4	2	1	1
Income Collection and Credit Control (March 2020)	4	-	-	4
Follow Up Review (March 2020)	4	-	2	2
Total	13	3	3	7
Percentage of Total	100%	23%	23%	54%

2 AUDIT ARRANGEMENTS

The table below details the dates of our fieldwork and the reporting of the audit area under review.

Audit Stage	Date
Fieldwork start	8 March 2021
Closing meeting	28 April 2021
Draft report issued	29 April 2021
Receipt of management responses	11 May 2021
Final report issued	11 May 2021
Audit & Risk Committee	20 May 2021
No of audit days	1

2 AUDIT ARRANGEMENTS

We detail below our staff who undertook the review together with the College staff who were key contacts during our review.

Wylie & Bisset LLP			
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Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

Appendix A

Not Implemented Recommendations

Not Implemented Recommendations

Portfolios Commercial Income Target, Commercial Income, January 2020

Original Finding

We spoke with two Assistant Principals during our review. It was noted that the Assistant Principals can arrange commercial courses and are responsible for bringing in commercial income were possible.

During our discussions, it was highlighted by one of the Assistant Principals that they do not have an annual target for commercial income and that they believe that this would help focus them and their team to drive commercial income within their faculty.

There is the risk that faculties do not strive to achieve high levels of commercial income

Original Recommendation

We recommend that the College set commercial income targets for all faculties and that is monitored and reported on throughout the year.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
1	The College's budget has been impacted due to Covid-19 and the 2021/2022 budget is scheduled to be reviewed in July 2021 where commercial targets will be reviewed.	Low	We reiterate our original recommendation.
Management Response		Responsibility and Implementation Date	
Targets for all income including commercial income for curricular departments will be part of the 2021-22 budget, to be agreed by all profit center owners through to leadership in the process, performance reviews, including commercial income will follow.		<i>Responsible Officer:</i> Assistant Principal – Finance <i>Implementation Date:</i> 31/07/2021	

Not Implemented Recommendations

Freedom of Information: Policy/Procedure, Information Governance, March 2020

Original Finding

The College were able to evidence compliance with the Freedom of Information (FOI) legislation and we were provided with a copy of the FOI guide and FOI Procedure for review.

During our review, we found that the FOI Procedure has not been updated to reflect the change in personnel for the Vice Principal: Finance & Corporate Services. The Procedure refers to “he” rather than “she. The College could consider gender neutral language such as “they” to resolve any future change in the role.

We were also unable to confirm the last review date of the College’s Model Publication Scheme. We do note that the current Scheme reflects current practice within the College.

We also found that the link on the College’s public facing website for FOI “requests made for information under the Freedom of Information from January 2018” does not work.

There is the risk that the College are not reviewing and maintaining their FOI documentation.

Original Recommendation

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.

Not Implemented Recommendations

Freedom of Information: Policy/Procedure, Information Governance, March 2020 (cont'd)

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
2	The College is scheduled to update the Freedom of Information Procedure in May 2021.	Low	We reiterate our original recommendation.
Management Response			Responsibility and Implementation Date
A review of the FOI procedure will be completed and submitted to JCCP for approval at the next meeting in June 2021. The FOI website link has been corrected and is fully functional.			<i>Responsible Officer:</i> Vice Principal - Finance and Corporate Services <i>Implementation Date:</i> 31/07/21

Not Implemented Recommendations

Data Retention/Destruction Policy and Procedure, Information Governance, March 2020

Original Finding

The College should have a Data Retention Policy and Procedure. The Policy and Procedure should detail the personal data held by the College, their retention period and the procedures for destroying data outwith its retention period.

During our review, we found that the College's Data Retention Policy & Procedure was currently in draft format and has yet to be fully implemented and approved by the Board.

There is the risk that there is no clear guidance for staff members on data retention and data destruction.

Original Recommendation

We recommend that the College complete the Data Retention Policy and Procedure and that is reviewed and approved by the Board.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
3	The College is scheduled to update the Data Retention Policy and Procedure in May 2021.	Low	We reiterate our original recommendation.
Management Response			Responsibility and Implementation Date
Article 30 register completed, meetings planned to establish policies in line with Jisc (Joint Information Systems Committee) recommendations.			<i>Responsible Officer:</i> Head of ISLT <i>Implementation Date:</i> 30/06/21

Appendix B

Partially Implemented Recommendations

Partially Implemented Recommendations

IT Disaster Recovery Plan, IT Systems, April 2019, Follow Up Review, March 2020

Original Finding

An IT Disaster Recovery Plan (DR Plan) can help to keep the IT Systems running in the event of a disaster. A plan sets out, but is not limited to, who does what and what happens in different scenarios. A Disaster Recovery Plan forms part of the Business Continuity Plan as this helps the IT Department know what systems must be brought back up first in the event of a disaster.

During our review with IT Staff, we found that the IT DR Plan was still in draft and had not been updated since changes were made to IT Systems within the College.

Original Recommendation

We recommend that the College update the plan and test to make sure that the IT Systems can be brought online in the event of a disaster.

Finding from our 2019/20 Follow Up

The College have updated their Disaster Recovery Plan, however, are yet to include processes for an event in which the whole IT System is brought down. The Head of IT has been in discussions with the Vice Principal to conduct testing over Summer 2020 and develop an appropriate plan to ensure that systems are prioritised appropriately.

Recommendation from our 2019/20 Follow Up

We recommend that the College complete the required tests over Summer 2020 and update their Disaster Recovery Plan accordingly.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
1	The College are waiting for staff members to return to campus before completing testing of the IT Disaster Recovery Plan.	Low	We recommend that the College undertake testing of the IT Disaster Recovery Plan once staff members have returned to the College.

Management Response

A draft DR plan has been prepared for approval, testing to follow. This will be updated when we migrate our servers and our data to a data centre cloud solution, expected to be completed before the next financial year.

Responsibility and Implementation Date

Responsible Officer:
Head of ISLT
Implementation Date:
31/7/21

Partially Implemented Recommendations

Financial Procedures Manual, Budgetary & Financial Controls, April 2018, Follow Up Review, March 2020

Original Finding

During our review, we found that the Financial Procedures Manual was due to be reviewed in June 2017, however, this has yet to be completed. We note that the College's previous Head of Finance & Procurement had begun to review the document this has yet to be completed. We also note that the procedures within the manual are still relevant although there are areas that require updating such as job titles throughout the document.

Original Recommendation

We recommend that the College review and update the Financial Procedures Manual.

Finding from our 2018/19 Follow Up

The College has started to draft the updated Financial Procedures Manual and the Vice Principal: Finance & Corporate Services notes that a workshop on purchasing and procurement on this has been set up for May 2019.

Recommendation from our 2018/19 Follow Up

We recommend that the College continue to update the Financial Procedures Manual and hold the workshop as planned in May 2019.

Finding from our 2019/20 Follow Up

The College held their workshop in May 2019. However, the College has yet to update the Financial Procedures. This is due to a change in personnel. The College's Finance Business Partner joined in August 2019 and has been tasked with updating the Financial Procedures. This will begin following the update to the College's finance system due in March 2020.

Recommendation from our 2019/20 Follow Up

We recommend that following the update to the finance system, the College review and update their Finance Procedure Manual.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
2	The College is planning a full review of the Finance Procedures Manual with W&B undertaking a further review to confirm the effectiveness of the Finance Procedures Manual.	Low	We recommend that the College undertake the full review and update of the Finance Procedures Manual.
Management Response			Responsibility and Implementation Date
Procedures are planned for a overhaul following the next external audit, and internal auditors propose to review work in March 2022.			<i>Responsible Officer:</i> Assistant Principal - Finance <i>Implementation Date:</i> 31/3/22

Partially Implemented Recommendations

Data Protection Champions, Information Governance, March 2020

Original Finding

The College aim to ensure that there is an individual within every department to provide initial support to the department on any data protection issues. The College created Data Protection Champions as such a support role. The Data Protection Champions are not to act as “mini Data Protection Officers”.

During our review, we found that Data Protection Champions were being asked to undertake tasks that were outwith their role, such as data protection breach investigations and that they were being held accountable for data protection issues within their department. We do note that the College are aware of this issue and are planning to hold a staff meeting in April 2020 to clearly define the roles, responsibilities and title of the Data Protection Champions.

There is the risk that the Data Protection Champions may be requested to undertake tasks normally out with their remit.

Original Recommendation

We recommend that the role of the Data Protection Champion should be clearly defined and recirculated to staff members.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
3	The College's Data Protection Champion role has been clearly defined and a new job role was created and approved by the Senior Leadership Team in March 2021. We also note that training was provided which covered the Data Protection Champion role. However, we note that the College have not re-launched the roles and remit of the Data Protection Champions to staff members.	Low	We recommend that the College ensure the role out of the new roles and remit of the Data Protection Champions is completed.

Partially Implemented Recommendations

Data Protection Champions, Information Governance, March 2020 (cont'd)

Management Response	Responsibility and Implementation Date
Due to the pandemic, the roll-out of the DP Champion network has been delayed. DPO to re-launch the role and set up regular meetings with the DP Champions to identify and address DP issues across the college.	<i>Responsible Officer:</i> Vice Principal - Finance and Corporate Services <i>Implementation Date:</i> 31/7/21

Appendix C

Fully Implemented Recommendations

Fully Implemented Recommendations

Data Leakage Prevention, IT Systems, April 2019, Follow Up Review, March 2020

Original Finding

Data Leakage Prevention (DLP) is a strategy for making sure that end users do not send sensitive or critical information outside the corporate network. The term is also used to describe software products that help a network administrator control what data end users can transfer.

During our review, we found that the College did not have a DLP system in place and that removable media and access to cloud storage (eg DropBox, OneDrive) could be accessed as there are no restrictions in place to block them.

Original Recommendation

We recommend that the College puts stronger controls in place and looks at locking down all forms of removable, and cloud-based storage that is not required to be accessed. Controls could be put in place by utilising Group Policy to lock down removable media and web filtering software to block access to cloud storage systems.

We also recommend that the College look to monitor Office 365 for sensitive data across the Office 365 suite utilising the built-in technology that comes with Office 365.

We also recommend that the College investigate looking at software to monitor for Sensitive/Personal/confidential information for example Zonefox.

Finding from our 2019/20 Follow Up

This is partially implemented as the College is waiting until Microsoft Office 365 is live before they begin locking down other forms of media. As such, Office 365 will be available to staff from 13 March 2020. The College are allowing for a transitional period of a couple of months before other media is locked down. This will involve the Head of IT informing staff to migrate all files over to Office 365. The SLT are yet to approve plans surrounding Office 365 implementation and the Head of IT is in the process of creating an action plan for stopping the usage of USBs.

See next page

Fully Implemented Recommendations

Data Leakage Prevention, IT Systems, April 2019, Follow Up Review, March 2020

Recommendation from our 2019/20 Follow Up

We recommended 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 transitional period is complete.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
1	The College has completed the migration of Office 365 email and OneDrive in August 2020. The College has also completed a lock down process for all USB devices.	High	No further action required.

Fully Implemented Recommendations

Patch Management, IT Systems, April 2019, Follow Up Review, March 2020

Original Finding

Patches can be security fixes to fix vulnerabilities found within software. Patch Management is a strategy for managing patches or upgrades for software applications and technologies. A Patch Management Plan can help a business or organisation handle these changes efficiently.

During our review, we found that there is no set procedure to patch and test patches prior to deployment and when done this is on an inconsistent basis. We also found that Microsoft Products are patched utilising Microsoft System Centre Configuration Manager (SCCM) but that Third Party Applications (eg Java, Adobe Reader, Adobe Flash) were not being updated.

Original Recommendation

We recommend that patching strategies are put in place to ensure that applications and operating systems are updated in a timely fashion when fixes are released.

We also recommend that the College investigate utilising SCCM to see if the software can patch the non-Microsoft Products. If this cannot be done then look for a third party solution to achieve this, for example PDQ Deploy, Chocolatey, BathPatch

Finding from our 2019/20 Follow Up

The Head of IT has developed a patching strategy where their Servers Patching Strategy is close to completion and their Network Infrastructure Patching Strategy is a working progress.

Recommendation from our 2019/20 Follow Up

We recommend that the College complete patching strategies for Servers and Network Infrastructure.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
2	The College has implemented a patching strategy for low, critical and high risk servers and have upgraded their Network Infrastructure. The College has also introduced PDQ Deploy Software to manage 3rd party applications.	Medium	No further action required.

Fully Implemented Recommendations

Article 30 Register, Information Governance, March 2020

Original Finding

The College maintain an action plan to ensure its continuing compliance with GDPR, which includes the Article 30 Register. The Register is split into different departments to monitor their use of personal data. The Register is maintained by the delegated managers with the support of the Data Protection Officer and reviewed monthly with the Vice Principal: Finance & Corporate Services.

During our review, we found that several areas of the Register were blank or had not been updated such as privacy notices and data destruction timeframes. Each department was also required to submit information to the Data Protection Officer however, we were informed that this is still a work in progress.

There is the risk that the College will not achieve the expected benefits of the register if this is not being fully utilised. There is also the risk that not all departments within the College are able to evidence their GDPR compliance.

Original Recommendation

We recommend that the College ensure that the Article 30 Register is fully completed and continues to be monitored monthly.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
3	The College has fully completed the Article 30 Register.	Medium	No further information required.

Fully Implemented Recommendations

Reminder Letters and Statements, Income Collection and Credit Control, March 2020

Original Finding

The College physically send out all statements and reminders to debtors via post and believe this is the best way to ensure a response from the debtor. Monthly, the Finance Assistant will print the aged debtors report and detail what reminder letter should be issued.

During our review, we found that the College do not keep any documentation, aside from the notes taken on the aged debtor/creditor reports that are saved on the system and in hard copy, regarding the statement or reminder letters sent to debtors.

There is the risk that there is an incomplete audit trail of statements and reminder letters issued to debtors.

Original Recommendation

We recommend that prior to sending the reminder letter/statement that the Finance Team scan the documents on to the system.

We also recommend that the aged debtor report is reviewed and signed by the Finance Business Partner is also scanned on to the system prior to shredding.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
4	From May 2021 Management will hold monthly review meetings to improve the financial control and reporting of debtor information for the Finance & General Purposes Committee. Procedures are scheduled to be reviewed with a view of streamlining the process.	Medium	No further action required.

Fully Implemented Recommendations

Invoice Filling, Income Collection and Credit Control, March 2020

Original Finding

The College keep all authorised invoices in hard copy format in folders.

During our sample testing of Invoice Request Forms and credits notes, we found that 1 out of the 10 forms did not have an authorised hard copy of their invoice confirming that this had been issued. It was noted by the Finance Assistant and the Finance Officer that the invoice was incorrectly filed.

There is the risk that the College are not adhering to their procedures when issuing invoices to debtors.

Original Recommendation

We recommend that the College ensure that invoices are stored in line with their procedures.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
5	Procedures were reviewed and updated in May 2021.	Low	No further action required.

Fully Implemented Recommendations

Refund Processing Procedures, Income Collection and Credit Control, March 2020

Original Finding

The College has a Fees Policy that was last updated in January 2020 by the Vice Principal: Finance and Resources. This Policy sets out the remit for which the College will grant a refund. The College are also in the process of updating their Finance Procedures Manual to reflect the current procedures utilised by the College.

During our sample testing, we found that the College do not have a documented procedure for processing refunds within the Fees Policy or the Finance Procedures Manual.

There is the risk that refunds are processed inconsistently between staff members.

Original Recommendation

We recommend that a section on processing refunds is included within the Finance Procedure Manual.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
6	The College's Fees Policy has been updated to include information relating to refunds. We also note that the College will also include the procedure within the review of the Finance Procedures Manual.	Low	No further action required.

Fully Implemented Recommendations

Cash Income Procedures, Income Collection and Credit Control, March 2020

Original Finding

The College primarily receive cash income from:

- Access café;
- Restaurant; and
- Salon.

We were informed by the Finance Officer that when cash takings do not match the cash received, discrepancies are noted on the income sheet and taken from the tips received at each premises.

During our sample testing of cash income, we found minor issues relating to the Finance Team not correctly processing cash income as per their procedures:

- Differences being taken from 'takings';
- Tips and takings not being separated on the College's receipt board; and
- Discrepancies not being noted.

The above issues were found in the College's Restaurant and Access Café.

There is the risk that staff are not appropriately processing cash income.

Original Recommendation

We recommend that the College remind staff of the cash income processing procedures to ensure that these are adhered to.

Ref	Finding from our 2020/21 Follow Up	Grade	Recommendation
7	All staff were reminded of the process. The College are also looking to move away from cash transactions to card readers only.	Low	No further action required.

For each area of review we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately

For each recommendation we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency
Medium	Significant issue or weakness which should be addressed by the College as soon as possible
Low	Minor issue or weakness reported where management may wish to consider our recommendation

Audit Approach

Our approach to the review will be:

- Review outstanding recommendations and gain audit evidence to ensure that these have been addressed by the College.

Potential Key Risk

The potential key risk associated with the area under review are:

- The College does not address the areas of concern which may significantly affect its ability to continue to operate.