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AUDIT COMMITTEE REPORT

BORDERS COLLEGE REGIONAL BOARD

Subject: Internal and External Audit Recommendations Follow-up Report	**Purpose:** **For Approval** ☐ **For Discussion** ☐ **For Information** ☒
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 22 September 2021

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 + Data Breach Recommendations - Progress
22 September 2021

	Internal audit			Externa			DP	TOTAL
	High	Med	Low	Grade 4	Grade 3	Grade 2		
Closed				1		1	4	6
On track			3		1			4
Revised deadline			5		2			7
Overdue / concern								0
TOTAL	0	0	8	1	3	1	4	17

Members attention is drawn to the following items:

- 6 actions are to be closed
- Significant energy has been deployed on the review of the fixed asset register
- The updating of the Finance Manual remains outstanding and we look to streamline processes with internal audit effectiveness review in Mar-22.

- The annual accounts time table is in place for 2021 including bringing forward the commencement of fieldwork.
- Work on policy documentation is well advanced.
- All data protection actions are closed due to work on Article 30 register, adoption of JISC data retention schedule, relaunch of the data protection champions, further work on email protocols, review of the compliance modules for DP and Information Security and agreement to implement the DP Assurance Framework.
- A disaster recovery workshop was held in relation to total loss of data, and and disaster recovery test is planned to follow the migration to the datavita data centre. This cloud solution should offer a significantly quickly recover from a total loss of data. The Committee are provided with further information in the separate paper from the Head of ISLT.

The full list is attached.

Recommendation:

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 + Data Breach Recommendations - Progress
22 September 2021

	Internal audit			l audit			breach	TOTAL
	High	Med	Low	Grade 4	Grade 3	Grade 2		
Closed				1		1	4	6
On track			3		1			4
Revised deadline			5		2			7
Overdue / concern								0
TOTAL	0	0	8	1	3	1	4	17

Borders College Internal Audit Monitoring Action Plan **22 September 2021**

AUDIT YEAR	REPORT	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	OUTSTANDING ACTIONS SEPTEMBER 2021	OUTSTANDING ACTIONS MAY 2021	REVISED DATE
2011	Purchasing and procurement	We recommend that the College update the Financial Regulation's to include the Single Source Justification process.	Low	AP Finance	30/06/2021	A	The SSJ document and guidance is avaiable as part of procedures. It has not yet been incorporated into the Financial Regulations which are due to be reviewed in November 2021. Extend timescale		31/11/2021
2021	Purchasing and procurement	We recommend that the College ensures the correct process is followed when processing purchase orders for its green orders.	Low	AP Finance	30/06/2021	B	Procedures are being re-inforced. Further process redesign wil take place in latter part of 2021 and KPIs will also be introduced. Query close this item.		
2020	Information Governance	We recommend that the College review the Freedom of Information Procedure and update this where 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	A	Given the low volume and relatively low complexity of FOI requests the delay in finalising this review did not have any impact on the organisation. These documents have now been reviewed and updated. The Model Publication Scheme will be provided to the October Board meeting for information. Close this action for next report.	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.	30/10/2021
2020	Information Governance	We recommend that the College ensure the role out of the new roles and remit of the Data Protection Champions is completed.	Low	VP Finance & Corporate Services		B	This action has beeen completed and the DPO / HR Advisor ran a development session with the champions in September 2021 to identify further development requirements and share best practice. An MS Teams space has been established to share practice across the College. In addition a Data Protection Assurance Framework has been developed which will help support sharing of practice across the College. Action closed.	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.	
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	B	After careful review the College decided to adopt the JISC model retention framework. Managers have been reminded of the need to comply with this framework and dthe assurance framework prviously mentioned will be used on a semi annual basis, part of which will require manager to provide assurance of compliance with retention periods. Close this item.	Article 30 register completed, meetings planned to establish policies in line with Jisc (Joint Information Systems Committee) recommendations.	30/06/2021
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	All curricular areas are expected to grow and diversify income streams which will contribute to delivery of the £177k savings target for 2021/22. An SLT workshop will take place in October 2021 focussing on Enterprise and innovation in the Curriculum, which will be led by the Director of DEBI and the AP Finance. Close this action.	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.	31/07/2021
2020	IT SYSTEMS	We recommend that the College undertake testing of the IT Disaster Recovery Plan once staff members have returned to the College.	Low	Head of ISLT		A	We have recently held a workshop with Wider Leadership Team in relation to our response to a cyber attack, a complete outage of IT infrastructure and complete data loss. Results from this event will information our plans going forward. We also plan a full test of Disaster recovery processes on completion of the server migration project. Recovery process should be a lot quicker as a result of the migration of our servers Keep action open until Datavita test. Push date to November 2021.	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 competed before the next financial year.	30/11/2021
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	This action has been acknowledged as required since 2018 however until earlier this year we did not have sufficient capacity within the finance managemenet team to progress this in a structured way. We had tackled the priority area which was procurement and made significant changes in how we use PECOS. The process of procedural change has now commenced in earnest and we are confident of completing this review process by March 22. Retain due date.	Procedures are planned for a overhaul following the next external audit, and internal auditors propose to review work in March 2022.	31/03/2022

Borders College External Audit Monitoring Action Plan **22 September 2021**

AUDIT YEAR	TOPIC	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	OUTSTANDING ACTIONS SEPTEMBER 2021	OUTSTANDING ACTIONS MAY 2021	REVISED DATE
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.	4	Assistant Principal Finance	31/03/2020	B	This review has been completed in time for the 2021 audit	Asset verification exercise will be completed before the financial year end	31/07/2021
2019	Journal review	In conversations with the auditors it has been agreed that the some of the current procedures in place are not practical and are outdated. Last time the procedures were updated was in 2014.	3	Assistant Principal Finance	31/07/2021	A	This action has been acknowledged as required since 2018 however until earlier this year we did not have sufficient capacity within the finance managemenet team to progress this in a structured way. We had tackled the priority area which was procurement and made significant changes in how we use PECOS. The process of procedural change has now commenced in earnest and we are confident of completing this review process by March 22. Retain due date.	Procedures are planned for a overhaul following the next external audit, and internal auditors propose to review work in March 2022.	31/03/2022
2019	Year End Preparedness	A high-level plan and timetable was place for the year end procedures and audit process. However a number of disclosures were not provided at the start of the audit including the Remuneration and Staff Report, and capital commitments note.	3	Assistant Principal Finance	31/07/2021	G	A plan is in place for full accounts although Renumeration depends on information from SBC which may not be provided in time		mid Oct 2021
2019	Impairment Review	Accounting policies have been updated to reflect the need to review the property portfolio annually for any indication of impairment. However, a formal impairment review was not completed to inform the 2019/20 financial statements. We did not identify any indication of material impairment as part of our audit testing.	2	VP Finance and Corporate Services	31/07/2021	B	There is no evidence of impairment. Close action.	Not yet due	
2020	Revaluation reserve records	Asset registers should be updated to record and maintain the revaluation reserve balance against each individual asset where appropriate.	3	Assistant Principal Finance	31/07/2021	A	It has not been possible to address this in the timescale given the volume of work required on the asset register. This analysis will be completed as soon as practical.	Review of the asset register will remain a key activity to undertake in 2020/21	30/10/2021

Grade Explanation

Grade 5	Very high risk exposure - Major concerns requiring immediate attention.
Grade 4	High risk exposure - Material observations requiring management attention.
Grade 3	Moderate risk exposure - Significant observations requiring management attention.
Grade 2	Limited risk exposure - Minor observations requiring management attention.
Grade 1	Efficiency / housekeeping point.

Borders College DP Breach Action Plan **22 September 2021**

AUDIT YEAR	TOPIC	RECOMMENDATION	RESPONSIBLE PERSON	DUE DATE	STATUS	OUTSTANDING ACTIONS SEPTEMBER 2021	OUTSTANDING ACTIONS MAY 2021	OUTSTANDING ACTIONS JANUARY 2021	OUTSTANDING ACTIONS NOVEMBER 2020	REVISED DATE
2020	Two factor authentication	Relevant policies, manuals, guidance and procedures should be updated	VP F&CS	30/05/2021	B	These are now routinely being produced. Relauch of the DP Champions network and the creation of the DP Framework will help to reinforce good practice. Close this action	Dec JCCP was cancelled, next meeting May	Dec JCCP was cancelled, next meeting May	Electronic systems policy and IT security policy due for review for next JCCP	31/05/2021
2020	Email etiquette	Implement regular training and testing regime for email etiquette	Head of ISLT/ Head of HR and Development	31/03/2020	B	Mandatory DP and IS training modules have been updated. Compliance is being reinforced through SPDR discussions. DP Assurance Framework will also assist in driving up awareness and compliance	no change, keep open	no change, keep open	Options are under consideration as part of the response to our cyber security technical risk assessment. Keep action open until recommendations implmented.	31/05/2021
2020	Electronic systems policy	Review and refresh Electronic Systems Policy and Procedure	Head of ISLT	30/06/2020	B	Complete	Dec JCCP was cancelled, next meeting May	Dec JCCP was cancelled, next meeting May	This policy is due for update for the Dec JCCP. It is possible this policy is not required as it is covered by other policy documentation.	31/05/2021
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	B	Mandatory DP and IS training modules have been updated. Compliance is being reinforced through SPDR discussions. DP Assurance Framework will also assist in driving up awareness and compliance	Not yet complete. There needs to be additional training arranged to ensure all relevant staff have attended. To date, one session has been held. Following on from that the Article 30 registers (Record of Processing Activities (ROPA)) will be used to identify any high risk processing activities and a DPIA will be completed to manage the risk to acceptable levels.	Not yet complete	Further DPIA training is to be provided by the DPO. This will stress the importance of using the initial screening tool to assess if a full DPIA is required. Some parts of the orgnisation are already skilled in using this tool. Other areas need to agree priority areas from within their Article 30 register. Keep action open and aim to agree plan for DPIA by end January 2021.	31/05/2021