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AUDIT & RISK COMMITTEE

30 November 2023

1.0 Audit Recommendations Monitoring PURPOSE OF PAPER

For discussion

1.1 The purpose of this report is to provide the Committee with an update on the progress of recommendations made by Internal and External Auditors. The report also monitors progress on recommendations made by the Data Protection Officer in relation to any Data breaches.

2.0 EXECUTIVE SUMMARY

2.1 One possible data breach is currently being investigated and all recommendations from previous data investigations have been fully implemented.

2.2 All internal audit recommended actions have been fully complete, subject to confirmation at the follow up audit scheduled for March 2024.

2.3 All outstanding external audit recommended actions have been confirmed as fully complete as part to the annual audit. Four new recommendations have been received as part of the annual audit and will be included in future monitoring reports.

3.0 RECOMMENDATION(S)/ACTION(S) REQUIRED

3.1 It is recommended the Committee note the progress of the actions contained in the report.

4.0 BACKGROUND

4.1 The internal audit function of the College is provided by Wylie Bissett, with the current contract being in place since 2019. The reports from audits completed by Wylie Bissett are reported to the Audit & Risk Committee and any recommendations made have an action plan agreed with Managers which include responsible person and target date for completion.

4.2 The external audit function is provided by Azets, who are appointed to the College by Audit Scotland. All reports from completed audits are reported to the Audit & Risk Committee and any recommendations made have an action plan agreed with Managers which include responsible person and target date for completion.

4.3 The Data Protection Officer (DPO) service is provided via HEFESTIS one day per week. All data breaches or suspected data breaches are reported to the DPO for investigation. The outcomes of the investigation determine if a data

breach has occurred and provides recommendations to ensure the risk of breaches is minimized.

4.4 All recommendations from these areas are recorded and the progress on actions are monitored by the Audit & Risk Committee to ensure it can provide the Board with assurance on the internal controls of the College.

5.0 PROGRESS UPDATE

5.1 The table below provides a summary of recommendations and there position as at 30 November 2023. Fuller detail is contained in Appendix 1.

	Internal audit			External audit			DP breach	TOTAL
	High	Med	Low	Significant Deficiency	Other Deficiency	Other Observation		
Closed		1	8	2	5	6	2	24
On track								0
Revised deadline								0
Overdue / concern								0
TOTAL	0	1	8	2	5	6	2	24

5.2 There has been one reported possible data breach during the period, which is currently under investigation. Any recommendations resulting from the investigation will be reported when finalised. All actions from previous investigations have been fully implemented.

5.3 No recommendations have been identified from the three internal audits completed during the period. All outstanding recommendations have been fully complete and confirmation as part of the follow up audit scheduled to take place in the March 2024.

5.4 Azets have confirmed, as part of the annual audit, that all outstanding actions have been fully completed. The audit has also identified four new recommendations which will be included in future monitoring reports.

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

There are no direct financial implications from the contents of this report.

6.2 Learner Implications

There are no direct learner implications from the contents of this report.

6.3 Staff Implications

There are no direct staff implications from the contents of this report.

6.4 Equality and Diversity Implications/Equality Impact Assessment

There are no direct equality implications from the contents of this report.

6.5 Sustainability/Environmental Implications

There are no direct sustainability implications from the contents of this report.

7.0 RISK COMMENTARY

7.1 This section should describe the risks either of doing or not doing the proposed action, together with mitigations.

8.0 CONCLUSION

8.1 Good progress has been made on all outstanding recommended actions. All internal recommendations are complete subject to audit confirmation and all existing external audit recommendations have been confirmed as fully complete.

Author - Kirsty Robb, Vice Principal Finance & Corporate Services

Previous Board or College Committee Approvals: Audit Committee, 5 October 2023

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For publication ☒	**Not for publication** ☐ **If not, why not?**

Appendix 1

Borders College DP Breach Action Plan			30 November 2023			
B= Closed, G = On track, A = revised timeline, R = Overdue/concern						
Date of Incident	**TOPIC**	**RECOMMENDATION**	**RESPONSIBLE PERSON**	**DUE DATE**	**STATUS**	**Updates/comments**
17/06/2023	Email etiquette	Ensure mandatory training completed and responsibilities reinforced to all staff. Staff to be reminded to check email addresses prior to sending	Director of People Services	30/06/2023	B	**October 23** Data Protection training updated and staff reminded of importance to check email addresses
29/08/2023	Information retention	Ensure mandatory training completed and responsibilities reinforced to all staff. Review of how data shared to be undertaken	Director of People Services/Director IT & Digital	15/09/2023	B	**October 23** Article to be included in Sept newsletter to remind staff of data retention protocols. Information management project to review data storage protocols

Borders College Internal Audit Monitoring Action Plan 30 November 2023

B= Closed, G = On track, A = revised timeline, R = Overdue/concern

Date reported to Audit Committee	REPORT	ORIGINAL RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	Updates/comments
26/05/2018	Finance procedures manual	We recommend that the College undertake the full review and update of the Finance Procedures Manual.	Low	VP F&CS	30/04/2023	B	**May 2022** Procedure review will be complete by July 2022. Revised deadline agreed 31/7/22. **February 2023** Procedure manual review underway, 80% complete - due to change in finance staff, revised timeline proposed - agreed 30/4/23 **May 2023** Review complete, subject to internal audit confirmation
20/05/2021	Annual efficiency return	The College will implement their Budget Control Spreadsheet as part of a wider Financial Procedures and Systems Review. This deadline has been extended by the Board until May 2022	Low	Director Finance & Procurement	30/04/2023	B	**May 2022** Procedure review will be complete by July 2022. **May 2023** Complete, subject to internal audit confirmation
29/09/2022	Budgeting and Financial Reporting	We recommend that the College provide training to Budget Holders. The training should provide Budget Holders with information on: Their role and responsibilities; How to understand the financial information; and The budget setting and monitoring process.	Medium	Director Finance & Procurement	30/06/2023	B	**February 2023** As a result of a change in finance staff, this will be picked up as part of the budget setting process, revised timeline proposed -agreed 30/6/23 **May 2023** on track **October 2023** training has been provided to all budget holders and monitoring reports and budget sign off implemented. Complete subject to Internal Audit confirmation
29/09/2022	Budgeting and Financial Reporting	We recommend that the College speak with Budget Holders to highlight the reporting arrangements in place for their budgets. We also recommend that the College look to implement a meeting cycle with Budget Holders.	Low	Director of Finance & Procurement	30/06/2023	B	**February 2023** Reporting and meeting cycle is being developed as part of the 23-24 budget setting process, revised timeline proposed - agreed 30/6/23 **May 2023** Regular meetings being held and reviewing report needs of budget holders, on track October 2023 Regular budget meetings schedule and clarification of budget responsibilities explained as part of training Complete subject to Internal Audit confirmation
29/09/2022	Procedures Manual	We recommend that the College update the Finance Procedures Manual to include a section on responsibilities. We also recommend that the content of the Manual is updated to include reference to the specific job roles responsible for processing the area identified rather than reference to the Finance Department.	Low	Director of Finance & Procurement	30/04/2023	B	**February 2023** Procedure manual review underway, 80% complete - due to change in finance staff, revised timeline proposed - agreed 30/4/2 **May 2023** Complete, subject to internal audit confirmation

Date reported to Audit Committee	REPORT	ORIGINAL RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	Updates/comments
09/02/2023	Complaints Handling	We recommend that the Complaints Log is kept up to date and the data contained is accurate. If a student continues to contact the College, staff should follow the Complaints Procedure and escalate the complaint to stage 2 if required. We recommend that the Complaints Log is also updated to reflect the outcome of investigations, providing narrative as to why they have not been closed off.	Low	Assistant Principal - Articulation and Essential Skills	03/04/2023	B	**February 2023** In progress **May 2023** Complete, subject to internal audit confirmation
09/02/2023	Complaints Handling	We recommend that the College ensures that all complaints are completed within the required timeframes.	Low	Assistant Principal - Articulation and Essential Skills	31/03/2023	B	**February 2023** **In progress** **May 2023** Complete, subject to internal audit confirmation
11/05/2023	Estates Management	We recommend that the Estates Team create a separate spreadsheet or tab for other equipment that is no longer used. This equipment should be disposed of and steps taken to ensure untested equipment is not used in the interim	Low	Director of Estates & Facilities	31/03/2023	B	**May 2023** Complete subject to internal audit confirmation
11/05/2023	Equality & Diversity	We recommend that the College website appropriately signposts the use of Google translate. We also recommend that the College website offers users the option to request/obtain policies and procedure in different formats.	Low	EDI Officer	31/05/2023	B	**May 2023** Complete subject to internal audit confirmation

Borders College External Audit Monitoring Action Plan **30 November 2023**

B= Closed, G = On track, A = revised timeline, R = Overdue/concern

Date reported to Audit Committee	TOPIC	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	Updates/comments
22/11/2018	Journal review	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.	Other Deficiency	Finance Business Partner	31/03/2022	B	**January 2022** All journals are reviewed and signed. It remains our plan to review procedures by end March. **May 2022** Journals process reviewed and strengthened. This is documented in the finance procedures manual. Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete
21/11/2019	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.	Significant Deficiency	Finance Business Partner	31/03/2022	B	**January 2022** Significant work has been undertaken on the asset register and matching with deferred capital grants. Asset controls are in place but have not been working effectively. They will be strengthened and a verification exercise if possible under hybrid working. **May 2022** Full review has been conducted and verification exercise undertaken, photographic proof obtained and improved tracking introduced. Complete subject to confirmation from External Audit **November 2023** Confrimed by External Audit as complete
21/11/2019	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 also aid in sufficient time being allocated to ensure all disclosures are in line with best practice.	Other Deficiency	Finance Business Partner	31/07/2023	B	**January 2022** The audit process was in our opinion significantly improved (quality and time) on last year and previous years. We will work to ensure that these issues will not recur into next year. **May 2022** This is in place. With 2 new staff last year there was not a full understanding of what was required. This is very clear now for the coming year end and no issues are expected. **February 2023** Timetable being developed to implement 30/6/23 **May 2023** on track **October 2023** Year end timetable distributed and accounts completed in line with timetable Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as Complete
21/11/2019	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	Significant Deficiency	Director Finance & Procurement	31/07/2023	B	**January 2022** The College is satisfied there is no indication of impairment, and no intention to dispose or acquire land and buildings. There is not consistency of approach across Scotland's Colleges, and this is being discussed with SFC and Audit. **May 2022** After taking advice from Finance Directors Group and Audit Scotland we have determined that we will undertake a full valuation in 2021/22, as this is the only way we can demonstrate the fair value of assets to meet audit requirements. **February 2023** Discussion held with Auditors and proposed to undertake formal revaluation every 5, initial thoughts would be to index annually. Reported to Audit Committee as part External Audit report Nov 2022. Further discussion held with Auditors around provision of assurance rather than requirement to index. **May 2023** On track **October 2023** External advice sought to confirm movements in valuation in line with discussion with External Auditor Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete

Date reported to Audit Committee	TOPIC	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	Updates/comments
21/11/2019	Revaluation reserve records	Asset registers should be updated to record and maintain the revaluation reserve balance against each individual asset where appropriate.	Other Deficiency	Finance Business Partner	31/07/2023	B	**May 2022** Information is contained within the asset register. Will discuss further with audit to ensure records are adequate. **February 2023** Review underway of current information within asset register which will form the basis of discussion with Auditors. revised date agreed 31/7/23 **May 2023** On track **October 2023** Completed as part of 2022/23 year end accounts Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete
24/11/2021	Accruals	Management should undertake a detailed review of accruals in 2021/22 to ensure reasonable, relevant and supported accruals are recognised.	Other Deficiency	Director Finance & Procurement	31/05/2023	B	**February 2023** Revised process agreed for the 2022/23 accruals. Revised guidance to be finalised on supporting documents requirements. - Revised date agreed 31/5/23 **May 2023** on track **October 2023** Full review carried out as part of 2022/23 accounts process Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete
24/11/2022	Sufficient Audit Evidence	Management should undertake a detailed review of all transactions and balances within the annual accounts to ensure only supported amounts are recognised.	Other Observation	Director Finance & Procurement	31/07/2023	B	**February 2023** Revised process agreed for the 2022/23 accruals and balances process with clear guidance on supporting documents. **May 2023** On track **October 2023** Completed as part of 2022/23 year end accounts Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete
24/11/2022	Purchase order documentation	Procedures should be developed to include greater documentation for when variances are identified between the expenditure purchase order and invoice amount	Other Observation	Director Finance & Procurement	31/07/2023	B	**February 2023** In progress **May 2023** On track **October 2023** Completed as part of the finance procedure review Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete
24/11/2022	Communication of changes to voluntary severance schemes	We recommend that contingency planning is undertaken to ensure all documentation and correspondence with SFC in relation to voluntary severance schemes can be accessed and is retained, even when a key member of the team leaves the College.	Other Observation	Director of People Services	31/12/2022	B	**February 2023** Process of documentation and correspondence with SFC reviewed and revised and centralised within People Services Department. Procedure note completed. Complete subject to confirmation by External Audit **November 2023** Confirmed by External Audit as complete
24/11/2022	Journals posted with no description	While our audit work did not identify any indications of incorrect or fraudulent journal postings, we recommend that the College reviews their journal processes to ensure journals cannot be posted without descriptions.	Other Deficiency	Director Finance & Procurement	31/12/2022	B	**February 2023** Process has been reviewed and amended. Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete
24/11/2022	Remuneration report and accounts	We recommend that greater due care is taken when producing the Remuneration Report within the annual accounts, and a clear timetable is produced and observed to make accounts available in line with agreed and organised deadlines.	Other Observation	Director Finance & Procurement	31/07/2023	B	**February 2023** In progress **May 2023** On track October 2023 Complete as part of the 2022/23 year end accounts Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete

Date reported to Audit Committee	TOPIC	RECOMMENDATION	GRADE	RESPONSIBLE PERSON	DUE DATE AGREED WITH AUDIT	STATUS	Updates/comments
24/11/2022	Password Controls	Management should ensure that a strong password policy is enforced.	Other Observation	Director of IT & Digital	31/12/2022	B	**February 2023** Password complexity for staff and students increased. User now required to have minimum 12 characters and at least 1 Capital letter, 1 lower case, 1 number and 1 special character. Complete subject to confirmation from External Audit. **November 2023** Confirmed by External Audit as complete
24/11/2022	Opening Balances Processes	Recommend that procedures for reversing the prior year closing balances from the i.e. codes should be reviewed to identify whether the level of manual intervention can be reduced	Other Observation	Director Finance & Procurement	31/07/2023	B	**February 2023** In progress **May 2023** On track **October 2023** Complete as part of the 2022/23 year end accounts Complete subject to confirmation from External Audit **November 2023** Confirmed by External Audit as complete