

Internal Audit Assignment – Follow Up Review

1.0 PURPOSE OF PAPER

For decision

- 1.1 The purpose of this paper is to provide the Committee with outcome of the Follow Up Review of the internal audit recommendations previously identified.

2.0 EXECUTIVE SUMMARY

- 2.1 The Committee approved the Internal Audit plan for 2023/24 on 11 May 2023. The plan included the Follow up review.
- 2.2 The review was undertaken during March 2024.
- 2.3 The audit has an overall conclusion as “Strong”. Eight recommendations are fully complete, one recommendation is superseded and two are on track. The full report is contained in Appendix A.

3.0 RECOMMENDATION

- 3.1 I recommend that the Audit and Risk Committee note the report contained in Appendix A.

4.0 BACKGROUND

- 4.1 The Financial Memorandum with the SFC requires the College to have an effective internal audit function and that the duties of that function conform to the professional standards of the Chartered Institute of Internal Auditors. For incorporated colleges and Regional Boards, the operation and conduct of internal audit must comply with Public Sector Internal Audit Standards and, where relevant, the Scottish Public Finance Manual. Internal Audit is to provide the Regional Board, the Principal and senior management with assurances on the adequacy of the internal control system.
- 4.2 The Internal Audit Service is contracted to Wylie Bisset who provide an annual plan of the areas to be audited. The plan for 2023/24 was approved by the Committee on 11 May 2023. The plan included a follow up review of outstanding recommendations.

5.0 FOLLOW UP REVIEW AUDIT

5.1 The audit reviewed all outstanding internal audit recommendations from previous audits and was undertaken between 11 March and 29 April 2024.

5.2 There were two recommendations outstanding which are due for completion September 2024. Eight recommendations are fully complete, and one recommendation has been superseded due to changes in the use of the finance system. The overall conclusion is “Strong”. The full report is contained in Appendix A.

“We can provide a Strong level of assurance that the College has endeavoured to implement internal audit recommendations made in 2022/23 and earlier years. This is highlighted as 4 recommendations made have been fully implemented, 1 is superseded and 2 recommendations are not yet due.”

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

The 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 and diversity implications from the contents of this report.

6.5 Sustainability/Environmental Implications

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

7.0 RISK COMMENTARY

7.1 Strong governance and controls are key risk mitigations. The work undertaken by Internal Audit ensures the College has these and they are adhered to. The recommendations previously contained in Internal Reports highlight areas of improvements to strengthen systems and procedures. The follow up review of these recommendations ensures the recommendations and agreed actions are completed. The overall conclusion of “Strong” demonstrates the College is performing well in the implementation of the recommendations.

8.0 CONCLUSION

8.1 The Follow Up Review has been completed and resulted in an overall conclusion of “Strong”. Two recommendations remain outstanding but are on track to complete by the agreed date of September 2024.

Kirsty Robb, Vice Principal Finance & Corporate Services

Previous Committee Approvals: N/A

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Borders College

Internal Audit 2023/24
Follow Up Review

+ April 2024

Overall Conclusion

Strong





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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.

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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 effectiveness of the internal control system may be compromised if management fails to implement agreed audit recommendations. Our follow up work provided the Audit Committee with assurance that prior year recommendations are implemented within the expected timescales.

This assignment was part of the agreed 2023/24 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 took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

1. Executive Summary



Conclusion

Overall Conclusion: Strong

We can provide a Strong level of assurance that the College has endeavoured to implement internal audit recommendations made in 2022/23 and earlier years. This is highlighted as 8 recommendations made have been fully implemented, 1 is superseded and 2 recommendations are not yet due.

Summary of Recommendations

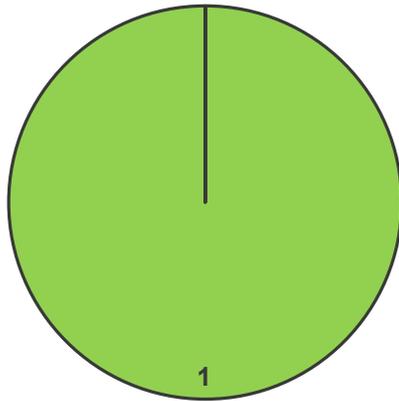
Grading of Recommendations	High	Medium	Low	Total
Appendix A – Superseded Recommendations	-	-	1	1
Appendix B - Fully Implemented Recommendations	-	1	7	8
Appendix C - Not Yet Due Recommendations	-	-	2	2

1. Executive Summary



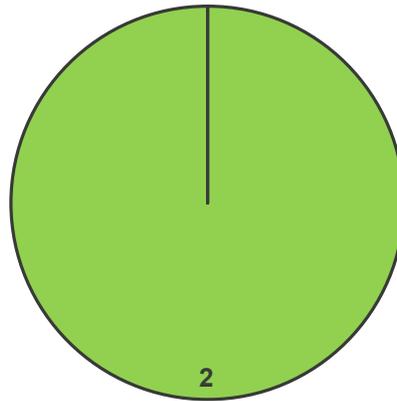
Summary of Recommendations by Grade

Superseded



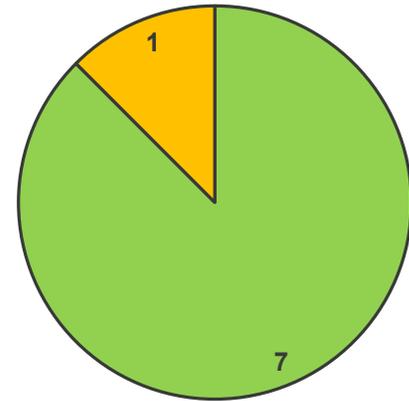
Low Medium High

Not Yet Due



Low Medium High

Fully Implemented



Low Medium High

1. Executive Summary



Implementation of Recommendations – Summary of Implementation

Audit Area	Total	Not Yet Due	Superseded	Partially Implemented	Fully Implemented
Student Retention (December 2023)	2	2	-	-	-
Follow Up (March 2023)	5	-	1	-	4
Complaints Handling (November 2022)	2	-	-	-	2
Estates Management (March 2023)	1	-	-	-	1
Equality & Diversity (March 2023)	1	-	-	-	1
Total	11	2	1	-	8
Percentage of Total	100%	18%	9%	0%	73%

1. Executive Summary



Breakdown of Recommendations by status of implementation, from 2022/23 and earlier years



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	11 March 2024
Closing meeting	15 March 2024
Draft report issued	18 April 2024
Receipt of management responses	24 April 2024
Final report issued	29 April 2024
Audit Committee	29 May 2024
Number of audit days planned	1

2. Audit Arrangements



We detail below our staff who undertook the review together with the College staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Senior Manager	Sue Brook	Senior Internal Audit Manager	susan.brook@wyliebisset.com
Auditor	Colin McNeill	Internal Auditor Senior	colin.mcneill@wyliebisset.com

Borders College			
Key contact	Kirsty Robb	Vice Principal – Finance and Corporate Services	krobb@borderscollege.ac.uk

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

Superseded Recommendations



Superseded Recommendations

Annual Institutional Efficiency Return, Follow Up 2021/22, April 2022

Original Finding

The College has developed a detailed Budget Control Spreadsheet that outlines the savings and changes from the base budget and highlights the savings targets and how they were translated into the budget.

During our review, we were informed that while the Budget Control Spreadsheet was developed, there is no formal procedure document in place to highlight the process for this be developed, maintained and completed annually.

The risk to the College is that members of staff may not be aware of the process they have to follow setting, monitoring and reporting savings targets.

Original Recommendation

We recommend that the College develop a procedure document to outline the processes and procedures that should be adhered to when developing the Budget Control Spreadsheet.

Finding from our 2021/22 Follow Up

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.

Recommendation from our 2021/22 Follow Up

We recommend that the College complete the recommendation by the due date.

Finding from our 2022/23 Follow Up

The College have updated their procedure document to outline the processes and procedures that should be adhered to when developing the Budget Control Spreadsheet. This was completed in July 2022. However, the new Vice Principal and Director that have recently joined the College believe this needs revisited.

Recommendation from our 2022/23 Follow Up

We reiterate our original recommendation.

A. Superseded Recommendations



Superseded Recommendations

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	This process has been made redundant by the upgraded elements of the Financial System as this encompasses the budget process and therefore excel exports are no longer required.	Low	We recommend this recommendation is superseded.



Appendix B

Fully Implemented Recommendations

Fully Implemented Recommendations

Questionnaire Results, Follow Up, March 2023

Original Finding

We issued a questionnaire to Budget Holders within the College to assess their views on the budget setting and monitoring process. We also sought to assess their views on the training provided and their understanding of their role as a Budget Holder.

We received 9 responses to the questionnaire which highlighted the following:

Budget Holders rated the training that they received as an average 5.38/10 with two Budget Holders rating this as 1 out of 10.

- 1 of the 9 Budget Holders noted that they 'strongly disagreed' that they understood their role as a Budget Holder.
- We spoke with the Assistant Principal: Finance who highlighted that budget meetings are held with Budget Holders that is a 2-way process and training is provided as part of the budget meeting meetings and ongoing meetings throughout the year.

There is the risk that Budget Holders do not fully understand their role a Budget Holder and that they have not received sufficient training.

Original Recommendation

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.

Finding from our 2022/23 Follow Up

We were informed by the Director of Finance and Procurement that due to change in College Finance staff, this recommendation has not yet been completed. The new Vice Principal and Director that have recently joined the College believe this needs revisited. The College has set a revised deadline of June 2023.

Recommendation from our 2022/23 Follow Up

We reiterate our original recommendation.

B. Fully Implemented Recommendations



Fully Implemented Recommendations

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	Budget Holders were provided training and guidance notes to Budget Holders.	Medium	N/A

B. Fully Implemented Recommendations



Fully Implemented Recommendations

Budget Reporting and Monitoring, Follow Up, March 2023

Original Finding

Budget Holders should have live access to their budget and receive regular updated form the Finance Team.

During our review, one Budget Holder noted that they often receive figures late by the Finance Team and often have to chase them up.

We also found that Budget Holders do not review and monitor their budget live throughout the period.

We also found that the frequency of meetings held with Budget Holders is inconsistent.

There is the risk that Budget Holders do not receive regular reports regarding their budget.

Original Recommendation

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.

Finding from our 2022/23 Follow Up

The College's reporting and meeting cycle is being developed as part of the 2023/24 budget setting process. The College has set a revised deadline of June 2023.

Recommendation from our 2022/23 Follow Up

We reiterate our original recommendation.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
2	Quarterly meetings take place between Budget Holders and the Director of Finance and Procurement to discuss their budgets. Additionally, the functionality of the finance system provides Budget Holders with live access to financial information.	Low	N/A



Fully Implemented Recommendations

Responsibilities in Finance Procedures Manual, Follow Up, March 2023

Original Finding

The College has a detailed Procedures Manual that effectively identifies the procedures to be followed when processing financial information.

During our review, we identified that the Procedures Manual does not currently have a section on responsibilities breaking down key staff member responsibilities within the Finance Department.

We also found that overall reference to individuals within the content of the Manual was limited and reference was made to the Finance Department as a whole rather than individual responsibility.

There is the risk that the College's Finance Procedures Manual does not appropriately outline the individual responsibilities of the members of the Finance Team.

Original Recommendation

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.

Finding from our 2022/23 Follow Up

The College has started updating their Finance Procedure Manual, however due to change in the College Finance staff work is not yet completed. The College estimates the update is around 80% complete.

Recommendation from our 2022/23 Follow Up

We reiterate our original recommendation.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
3	The Financial Procedures Manual was reviewed and updates in September 2023 and sets out the roles and responsibilities of staff within the Finance Department.	Low	N/A

Fully Implemented Recommendations

Financial Procedures, Follow Up, March 2023

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 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 Colleges 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.

Finding from our 2020/21 Follow Up

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.

Recommendation from our 2020/21 Follow Up

We recommend that the College undertake the full review and update of the Finance Procedures Manual.

Finding from our 2021/22 Follow Up

The College will update their Finance Procedure Manual as part of a wider Financial Procedures and Systems review. This deadline has been extended by the Board until May 2022.

Recommendation from our 2021/22 Follow Up

We recommend that the College undertake the full review and update of the Finance Procedures Manual.

Fully Implemented Recommendations

Financial Procedures Manual, Follow Up 2021/22, April 2022

Finding from our 2022/23 Follow Up

The College has started updating their Finance Procedure Manual; however, we were informed by the Director of Finance and Procurement that due to change in the College Finance staff, work is not yet completed. The College estimates the update is around 80% complete.

Recommendation from our 2022/23 Follow Up

We reiterate our original recommendation.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
4	The Financial Procedures Manual was reviewed and updates in September 2023.	Low	N/A

Fully Implemented Recommendations

Complaints Handling, Complaints Log Recording, November 2023

Original Finding

It is essential that the College follow the Complaints Policy to ensure that complaints are resolved and the complainant understands the outcome.

During our review, we found that 3, stage 1 complaints from 2021/22 were not closed as the students had challenged the outcome of the resolution. We queried this with the College and found that one had been escalated to the SPSO who supported the outcome put forward by the College. While the remaining 2 remain open, the College should consider if the complaints should be escalated to stage 2 in line with the Policy.

There is the risk that the College are not adhering to the Complaints Policy.

Original Recommendation

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.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
5	A Complaints Log has been created and we confirmed that it is up to date.	Low	N/A

Fully Implemented Recommendations

Complaints Handling, Timeframes, November 2023

Original Finding

The College's Complaints Handling Procedure outlines that all complaints should be processed and finalised within 5 days for stage 1 complaints and 20 days for stage 2. In the event that the process is delayed, the complainant should be informed in writing and management should authorise this delay and/or extension.

During our review, we found that in 2021/22, 10 stage 1 complaints were completed outwith the SPSO timeframe of 5 working days. So far in 2022/23 there has been 1, stage 1 complaint that was completed outwith SPSO timeframe of 5 working days.

From discussions with Management, we found:

- 6, stage 1 complaints from 2021/22, and 1, stage 1 complaint from 2022/23 were given an authorised extension.
- The remaining 4 complaints from 2021/22 were completed outwith SPSO timeframes and had no extension authorised.

There is the risk that the College are not complying with SPSO timeframes.

Original Recommendation

We recommend that the College ensures that all complaints are completed within the required timeframes.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
6	The Complaints Handling Report in April 2024 showed that complaints are being completed within the required timeframes.	Low	N/A



Fully Implemented Recommendations

Estates Management, Statutory Inspection Sheet , March 2023

Original Finding

The College will utilise their Master Spreadsheet schedule to log all statutory safety inspections, ranging from Gas Safety Inspections to Fire Risk Assessments.

From our review of the College's statutory inspections master spreadsheet, we found that this contains equipment/items that the College no longer use. Due to the formatting of the spreadsheet, it appears that lots of inspections are overdue, however from discussions with the Facilities Team we found this is due to the equipment listed which is no longer used.

We sample tested 5 current equipment/items that are due for inspections and found that 4 of the 5 have been inspected in line with statutory requirements. The remaining sample referred to a lift inspection, which is due to be inspected every six months. This was last inspected on 30 August 2022 and next due for inspection by 28 February 2023. There was no evidence on file to confirm this inspection had been undertaken. We expanded the sample by a further 5 and found no further issues.

The current method of recording can be misleading and as a result College staff may not easily be able to differentiate between what inspections are overdue or needed.

Original Recommendation

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.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
7	A spreadsheet has been created showing equipment that is no longer in use.	Low	N/A

B. Fully Implemented Recommendations



Fully Implemented Recommendations

Equality & Diversity, Website Format Options, March 2023

Original Finding

The College website offers accessibility to all, ensuring that formats can be altered to suit specific needs.

Within its website, the College offers links and contact information around accessing sign language. Users can also use Google translate to change the language of the website; however, this is not clearly signposted.

There is a risk that the College is limiting the accessibility of their website and discriminating against individuals.

Original Recommendation

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 procedures in different formats.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
8	The College`s website contains signposting to Google Translate.	Low	N/A



Appendix C

Not Yet Due Recommendations

Not Yet Due Recommendations

Student Guidance Procedure, Student Retention, December 2023

Original Finding

The College's Student Guidance Procedure details the key information surrounding student retention guidance.

During our review, we found that the Student Guidance Procedure was last updated in May 2021 and from our discussions with the Assistant Principals & Learning Support Team we understand various job titles have changed since the last review.

There is a risk that when College staff or students read the Procedure, they may be unaware of who to contact which could result in an avoidable withdrawal.

Original Recommendation

We recommend that the Student Guidance Procedure is updated in accordance with the new job titles of the Student Support Officers and the Head of Sectors.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
1	This recommendation is not yet due.	Low	We recommend the College endeavors to implement this recommendation by its implementation date.



Not Yet Due Recommendations

Linking Interventions To Improved Performance, Student Retention, December 2023

Original Finding

Identifying the cause and effect for any intervention may aid the improvement of retention rates.

During our review we found that an effective analysis of cause and effects to identify whether interventions have resulted in improved performance with regard to retention, has not been undertaken.

If unable to identify the types of interventions that are successful and those that do not result in improved performance, it is possible that ineffective interventions are being promoted. This may create an inefficient use of resources and can impact on retention numbers.

Original Recommendation

We recommend that cause and effect analysis is undertaken on any of the interventions utilised to address student retention. The results of these (lessons learned) should be shared in an appropriate forum.

Ref	Finding from our 2023/24 Follow Up	Grade	Recommendation
2	This recommendation is not yet due.	Low	We recommend the College endeavors to implement this recommendation by its implementation date.



Appendix D

Grading Structure



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:

Assurance	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



Appendix E

Assignment Plan



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 Risks

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

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



Head Office

168 Bath Street,
Glasgow, G2 4TP

Oban

4 High Street,
Oban, PA34 4BG

Manchester

3 Hardman Square,
Spinningfields, M3 3EB