

AUDIT and RISK COMMITTEE

Audit Recommendations Trackers

Azets Investigation

Ref. 33-22

Other Audit Recommendations

Ref. 34-22

DATE:	3 May 2022
TITLE OF REPORT:	Audit Recommendation tracker documents
AUTHOR AND CONTACT DETAILS	Keith McAllister Keith.mcallister @slc.ac.uk
PURPOSE:	To inform the Committee of the progress in clearing audit recommendations
KEY RECOMMENDATIONS/ DECISIONS:	Committee to note and approve progress that has been made in addressing audit recommendations made.
RISK	<ul style="list-style-type: none"> • That the College does not meet governance requirements • That the College is not highlighted areas that auditors have identified to be addressed.
RELEVANT STRATEGIC AIMS:	<ul style="list-style-type: none"> • Highest quality education and support. • Sustainable behaviours.
SUMMARY OF REPORT:	<p>The College has made significant progress in addressing the recommendations in the Azets investigation and in the recommendations that have flowed for the external audit and the programmed internal audits.</p> <p>A Governance Improvement Plan has been drawn up and agreed, the College's Financial regulations have been updated and progress has been made to update associated policies and procedures.</p> <p>Deadlines have been set and an updated version of the trackers will be presented to the next meeting of the audit and Risk Committee.</p>

Azets 2021 Report Recommendations Update

Audit and Risk Committee
May 2022
Ref 32-22

May 21 Report Ref.	Recommendation	Management Response/Actions	Action Owner	Original timescale	Status at 7 APR 2022 (RAG RATED)	South Lanarkshire College Management update as at 29 April 2022	Expected Completion Date
1(i)	HR & Finance Policies Ensure that all relevant HR and financial policies and procedures are current, are understood and accessible to staff and stakeholders.	The college has a wide range of policies in place, which are fit for purpose if applied appropriately, and like all organisations these are updated and reviewed. All HR processes, policies and procedures are being reviewed, including an assessment on the Employee Experience. From a Whistleblower and Complaints approach, once the process is reviewed, appropriate solutions and clarity will be made available for all employees including the visibility and accessibility of resources, training, policies and procedures. There are approx. 20 Finance procedures currently on the College portal. There is a review currently underway to ensure that all are current, including a complete revamp of the Financial Regulations (which makes reference to policies and procedures and which has not been updated since 2013).	Head of HR; Head of Finance	2021-22	Partially completed	Code of Conduct and 5 draft employee policies and procedures are being progressed through review stages. The Grievance, Disciplinary and Capability policies have all been updated and will be presented to the HR Committee in May 2022. The Code of Conduct will then follow as a number of policies will feed in to this document. The Complaints Procedure (for non employees) is already in place. The initial review of all policies and procedures, including those of Finance, took place in February 2022 and each Dept head has to formulate a timetable for the review of its own policies and procedures by March 2022. This timetable will focus on the more pertinent issues as a matter of priority. Aim of having all relevant policies in place by August 2022. The College's Financial Regulations were completely revamped and updated and were approved by the Finance and Resources Committee in March 2022. Gifts & Hospitality, Anti-Bribery and Free Issues & Donated Goods Policies being presented to ARC and Senior Leadership Team in May 2022 with a view to be introduced to staff in August 2022.	Aug-22
1(ii)	Student withdrawals. A formal and definitive process for withdrawing students should be designed, based on defined metrics. On the rare occasion they are not applicable, a brief business case should be made and approved by senior staff.	The college has to strictly adhere to the Scottish Funding Council's funding rules and as such sends data to the SFC every month and then completes a final return for auditing and checking. The issue of a student allegedly not being withdrawn in a timely basis was confined to the construction area. There is a system in place for withdrawing students. The college has a good track record for the management of bursary payments, for example payments for students on full time courses are automatically stopped after 6 weeks of non attendance in line with Scottish Funding Council regulations. There is a bursary appeals panel that meets to discuss any reinstatement of bursary payments, again which follows national guidance. To reinforce the legality and the importance of appropriate register completion the following is being done: 1 Remind and refresh all teaching staff of acceptable register marks, and that registers should be marked when the class is taking place. 2 All Associate Principals must approve all student withdrawals. 3 Associate Principal of Construction is reviewing the set up of all Construction courses.	Depute Principal Associate Principal for Construction	Aug 2021 Aug 2021	Complete	1 Reminder of register marks sent to curriculum staff by MIS at the start of the academic year. All teaching staff have been reminded that registers are legal documents and must be kept up to date. Work was undertaken to cleanse and check data as part of the November qualifying dates by MIS. FES returns are submitted to the SFC which allows all data to be checked on a monthly basis. The FES funding returns are audited on the final submission of the year for the controls that are in place for checking attendance and withdrawal process. As of October 2021 the college had a clean audit, therefore all controls are being followed to the expectation of the funding guidance. 2 All Associate Principals authorise withdrawals. 3 New curriculum planning tool using Power BI was set up for the 2021-22 academic year. All course, teaching and remitted hours are inputted into this to understand teaching hours required in each curriculum area and college as a whole. The new Associate Principal for Construction has reviewed courses and timetables with regular checks in place.	
1(iii)	Handling of sensitive information Ensure the IT code of conduct is current and accessible to all staff.	The College is part of HEFESTIS (HE/FE Shared Technology and Information Services) and has a Data Protection Officer to provide tailored advice to the college regarding any handling of sensitive information. The college website also a dedicated area for data protection. The college has a thorough online mandatory induction which includes data protection and GDPR, and also introduces staff to the IT Code of Conduct (Acceptable Use Policy) The college has robust systems in places such as authentication monitoring, internet traffic monitoring and adheres to cybersecurity protocols and compliance standards. This enables the college to ensure that the Acceptable Use Policy is adhered to. All staff to be reminded of the IT Code of Conduct (Acceptable Use Policy)	Depute Principal,	Aug 2021	Complete	All staff when signing into their SLC desktops, daily, must accept the Internet, Intranet and Email Acceptable Use Policy which stays on their screens until "agree" is clicked. Completed.	
1(iv)	Handling of sensitive information Ensure all staff undertake mandatory training on data protection and GDPR.	While there are appropriate training materials in place, the college as part of its review of all training requirements, including mandatory training requirements, is looking to further improve these. This will likely include training of data protection and GDPR, in consultation with the Data Protection Officer.	Head of HR	Jun-22	Ongoing		Jun-22
1(v)	Code of conduct The policies and procedures around conduct should be considered to ensure they are current and visible to all staff.	The college currently has an Employee Competence manual, and this along with a suite of other guidance documents for staff, clearly sets out how staff should conduct themselves. However, further work is being done to review and enhance this manual, which will be reviewed and signed off by the Trade Unions, Leadership Team and HR Committee.	Head of HR	Aug 2021	Ongoing	Drafted and currently being reviewed	Aug-22

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2(i)	A formal review of relevant policies to ensure consistency, that they are fit for purpose and ensure best value. This should include advice to staff on reporting discrepancies and include user training on procurement rules. In the event that these are not applicable, a brief business case should be made and approved by staff	The College is in the process of reviewing all procurement policies and procedures and has appropriate assistance and guidance from APUC, via the College's Supply Chain Manager. Training sessions have been delivered to all budget holders and middle management. There is still work to be done on (for example) ensuring that rules are followed, resulting in fewer purchase orders being rejected. Training sessions will be delivered in Aug 2021 and annually thereafter.	Head of Finance	Aug 2021	Complete	Updated Procurement Guidelines have been approved by the College's Senior Leadership Team and the Finance and Resources Committee (FRC) and training sessions were delivered to appropriate staff in March / April 2022. The FRC also approved updated Financial Thresholds. Staff training has also been delivered on applications for capital project and curriculum development funding. The College's Supply Chain Manager is progressing with the set up of a separate section on the College's staff portal to ensure that all pertinent information ("Procurement Toolkit") is available to all staff.	
2(i)	A formal review of relevant policies to ensure consistency, that they are fit for purpose and ensure best value. This should include advice to staff on reporting discrepancies and include user training on procurement rules. In the event that these are not applicable, a brief business case should be made and approved by staff	The College is in the process of reviewing all procurement policies and procedures and has appropriate assistance and guidance from APUC, via the College's Supply Chain Manager. Training sessions have been delivered to all budget holders and middle management. However, procurement thresholds should be amended and capital requests should be approved jointly.	Head of Finance	Aug 2021	Complete	Requests for capital and other large investments (i.e. greater than £10k) are now formally presented to the College Leadership Team for review and approval. Procurement thresholds more accurately reflecting current spend and guidance were reviewed internally with the recommendation for change being approved at the Finance & Resources Committee in Feb 2022	
2 (ii)	Mandatory annual training on bribery and supplier entertaining should be provided to staff.	The college has Anti Bribery Policy and Procedures, which clearly set out the College's and the legal position on preventing and prohibiting bribery, in accordance with the Bribery Act 2010. If this is not adhered to then HR procedures would be followed or referred to the police as appropriate. Action: Provide refresher training on the Anti Bribery Policy and Procedures.	Head of Finance to update policies. Thereafter, liaise with HR on delivery of training.	Aug 2021	Complete	It is College policy that staff do not accept any hospitality and this will be reinforced through a training session for all senior staff; this will involve them instructing their own staff accordingly. Policies on Gifts & Hospitality, Free Issues and Donated Goods and Anti-Bribery updated and presented to Audit and Risk Committee in May 2022. Training session arranged for early May with College Leadership Team.	
3	Creation of a centralised supplier list so that quotes can be requested en masse for specific departments. On the rare occasion quotes are not applicable, a brief business case should be made and approved by senior staff.	Training sessions will be delivered in Aug 2021 and annually thereafter.	Head of Finance	Dec 2021 then ongoing process	Complete	The College has an updated contract register on the APUC "Hunter" portal and this is being updated as each new contract is agreed. Importantly, this updating is part of a formal process that the Supply Chain Manager keeps current.	
4	Stock control systems should be implemented for each faculty and should be normalised and on a shared location (with permission for access). There are inconsistent approaches across departments and, in some cases, no procedures.	The finance team works with areas to assign non pay budgets on an annual basis, which is carefully monitored. However, more could be done to create a standardised approach to stock control systems. 1) Review and refresh standard procedures to stock control.	Head of Finance	Sep 2021	Ongoing	There are technicians in curriculum areas across the college which monitor restricted access stock rooms. However, more formal standardised procedures for stock control, tailored for each area, will be in draft form for internal review by May 2022. There are finance processes in place which are able to check and review all spending, any ordering of stock goes through stringent processes and orders are signed off at senior management level. As such, if there are any unusual "spikes" in spending in any area in the college this would be picked up. In addition, stock control is subject to internal audit.	Aug-22
5	Formalised scrap procedures should be put in place. There is evidence of some positive procedures in place for scrap or copper piping which we understand is sold and the money received centrally by SLC.	The College will introduce procedures for asset management and disposal, including the sale of scrap which will form part of the Aug / Sept series of training sessions on procurement.	Head of Finance	Aug 2021	Complete	The College's existing procedures for the sale of scrap have been refreshed and will be presented to the CLT as part of the current review of all procedures.	
6	Perform a due diligence process for suppliers. This should include an approved supplier listing with declarations of interest required by relevant staff engaging with the suppliers.	The College current has almost 1000 "live" suppliers, ranging from annual spends of £100 to £50k and performing due diligence retrospectively on these would be unfeasible. However, the "New Supplier" form, completed by staff since 2015, does have a section which asks the requester to confirm that they do not have what could be construed as a conflict of interest with the company. The arrangement will be emphasised at the procurement training sessions. All management will be required to sign an annual declaration stating that they have not been involved in any actions which could be construed as being interpreted as generating conflict of interest and they will be required to sign an annual declaration of interest register.	Head of Finance	Dec 2021	Complete	All budget holders and those who initiate purchases have been sent a Conflict of Interest form to sign. Also, all new suppliers have to be reviewed by the Supply Chain Manager (see New Supplier Initiation Form). Training sessions on this delivered to staff in March / April 2022.	

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7	A register and confirmation of freebies, signed by suppliers, should be recorded. This will help the College also understand the level of free supplies they receive. Introduce a gifts and hospitality register.	A "freebie" register will be set up and subject to management review. The College has a gifts and hospitality register, and an anti-bribery policy - both procedures require to be updated and there is a need for staff development.	Head of Finance	Sep 2021	Complete	In January, the College introduced its register for (a) the receipt of free issues and (b) the supply of free issues. It is the responsibility of all department and Faculty heads to ensure that this register is updated as and when potential additions to it arise. The registers are monitored by the Head of Finance. Staff development sessions for management arranged for early May 2022 on anti-bribery, gifts and hospitality and free issues & donated goods. Undated policies presented to Audit & Risk Committee in May 2022.	
8	Assets should, where appropriate, be marked with a unique tag when purchased and periodic inventory checks should be conducted by someone external to the department.	The College does have an asset tagging system already, maintained by the Estates Department. Most assets have a bar code attached and are on a centralised asset register. The arrangements required due to the COVID means that assets have been moved around the College and an audit will be undertaken once the situation is more settled.	Head of Estates / Head of IT / Head of Finance	Jan 2022	Complete	All IT assets are tagged electronically and can be disabled if reported stolen or lost.	
8i	Assets should, where appropriate, be marked with a unique tag when purchased and periodic inventory checks should be conducted by someone external to the department.	The College does have an asset tagging system already, maintained by the Estates Department. Most assets have a bar code attached and are on a centralised asset register. The arrangements required due to the COVID means that assets have been moved around the College and an audit will be undertaken once the situation is more settled.	Head of Estates / Head of IT / Head of Finance	Oct-22	Ongoing	As is mentioned in the Management response, the College does have an asset tagging system. Due to COVID-19, with assets moved and stored in lieu of being where they would normally be, it is not feasible to undertake an asset stocktake at this time. Finance processes are robust	Oct-22
9	A formal process for booking out College vehicles with justifications required, proving College purposes.	Set up an electronic process for the formal booking out of college vehicles, which can be audited and checked.	Depute Principal	Dec 2021	Complete	The College now has a system for registering the use of vehicles.	
10	The Principalship could sign off large expenditure over a certain threshold, with other senior staff allowed to approve expenditure up to specified limits.	The Principal approves all purchase requisitions, with the Head of Finance approving all those over £10,000 prior to these going to the Principal. This arrangement will be reviewed during the 2021/22 financial year to ensure compliance.	Head of Finance	Jan 2022	Complete	All purchase requisitions are authorised by either the Principal or the Depute Principal. Additionally, all purchases over £10,000 automatically go to the Head of Finance for an additional level of scrutiny and approval.	
11	A delegated limit of authority should be implemented, indicating approval amounts and level of approval required.	The College does have a limit of authority but this is to be reviewed prior to the start of the new financial year.	Head of Finance	July 2021	Complete	A refreshed set of procurement thresholds was presented to the Finance and Resources Committee in Feb 2022 and was approved. This had previously been reviewed and accepted by the College Leadership Team. This incorporates levels of authority.	
12	Timetabling Perform regular internal reviews of timetabling, including checking directly with students about attendance. Make it clear to lecturers of the importance of accurate timetabling and impose repercussions.	The college has a robust timetabling system, and follows nationally agreed terms and conditions for timetabling teaching hours. Anomalies relating to timetabling were confined to the Faculty of Construction only. 1 The new Associate Principal of Construction is going to conduct a review of all course and lecturer timetabling in the faculty. 2 The new curriculum planning tool allowing for all planned teaching hours to be calculated for all areas to be developed.	Associate Principal of Construction Depute Principal	Oct 2021 March 2022	Complete	1 The Associate Principal for Construction has worked with the team to check and review all timetables as well as plan courses for this and next academic years. 2 The new curriculum planning tools allows for all teaching hours to be closely planned and monitored both by curriculum areas and MIS. This is how budgets are set. Any over or under staffing would be picked up as part of finance processes	
13	Security SLC should consider all storerooms having electronic 'MagLock' doors so that access can be monitored.	The college has always had storerooms which have both electronic and manual locks in use. Further checks are being made to ensure access is given to only those who require it.	Associate Principal - Construction	Nov-21	Complete	Only those who require access, such as technicians, for those areas are able to enter the storerooms.	
14	Security CCTV cameras should be clearly placed in areas susceptible to theft taking place, e.g. storerooms. Dummy CCTV or portable CCTV may have a similar affect.	The college campus has always had CCTV cameras installed as part of its security measures. The college, as part of its backlog maintenance funding improvements has recently installed updated CCTV cameras which have improved definition in key areas.	Depute Principal	Nov 2021	Complete	The College has increased its stock of CCTV cameras via its Backlog Maintenance improvements scheme, and the quality of the cameras has substantially improved and they also cover a much wider area.	

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15	Work towards implementing consistent budgets across faculties / departments and monitor this regularly.	Budgeting has been rolled out to all departments during the 2020-21 year, with the College employing dedicated temporary support to assist in its implementation. It will be reported to SLT on a regular basis any large levels of expenditure or fluctuations in spend; and a formal review of spend by supplier and department will be introduced.	Head of Finance	2021	Partially completed	Following a pilot involving an agency staff member, the College has identified the need for a permanent member of staff to work with the senior Finance Dept staff and all budget holders to address the monitoring and control of budgets and budget reporting. This staff member will also be involved in the development and production of enhanced management information. The College has also purchased an enhanced financial software package and the new member of staff will have the roll out of this software and its development as part of their remit.	Appointment target date - mid May 2022. June / July 2022 Staff development in May & June 2022
16	Where possible, students should require evidence of funding prior to attending classes. A formal process for fee waiver should be introduced.	There is a college policy however it could be applied more consistently. We will introduce improved staff awareness to ensure the buy-in of staff who enrol the students. Finance Department will consider how to improve our approach to debt collection. The College will introduce improved staff awareness to ensure the SFC fee waiver policy is adhered to.	Head of Finance	2021	Partially completed	The College does have an existing fee waiver policy. However, there may be some instances where this wasn't completely enforced. Sessions will be run with appropriate staff to reinforce the College policy. The pandemic has resulted in many fewer students attending in person and thus it is more difficult to enforce the procedures and for checks to be made on supporting documentation. The College does, though, have more stringent procedures to follow up where students claim that they are fee waivers and the monitoring of this will be refined and enhanced for the start of the 2022/23 session..	Staff development sessions - August 2022. Procedures notes will be made more accessible to both staff and students - June 2022.

Report / Action	Recommendation	Action Owner	Grade	Original timescale	Status at Feb 2022	Expected Completion Date	Status at May 2022	South Lanarkshire College management update as at 3 May 2022
2019/20								
Payroll and Expenses	The College should review and, if necessary, update the Expense Procedural Manual in line with its version control information.	Head of Finance	1	Oct-20		Aug-22	Partially complete	The College's Financial regulations have been updated and was approved by the Finance and Resources Committee in April 2022. The controls in this document will flow into an updated Expense Procedure Manual which will be presented to the SLT as per the new procedures for policy approvals in May 2022 before being presented to the Finance Committee in August 2022.
2019/20								
Strategic Planning	SLC should conduct a structured and documented analysis of stakeholders and key groups to record and assess the level of influence and interest each has with the SLC's operations.	Depute Principal	2	To be confirmed – for the next round of Strategic Planning	Partially complete	Jun-22	Partially complete	The strategic session scheduled for August 2021 was postponed due to the impending changes in the composition of the Board. This will be rescheduled for the strategic session with the Board in May 2022.
2020/21								
Student Support Funds & EMA	SLC should perform regular reconciliations throughout the year and the amounts claimed for bursary course expenditure should be updated in the system to reflect actual expenditure.	Head of Finance	2	Jul-22		Jul-22	Complete	Process in place; currently being undertaken by the Financial Accountant. Will be completed in May 2022.
Annual Audit Report (External - Mazars)	In order to ensure that recommendations made by a series of external reviews during 2021 are progressed appropriately, the College must ensure that it embeds and sustains the action plans put in place, including the Governance Improvement Plan. In particular, it needs to ensure that robust monitoring and reporting processes are in place and maintained, and that challenge, scrutiny and escalation arrangements are in place to drive the improvements required to the College governance framework, as recommended by the reviews.	Principal; Clerk to the Board	1	Jul-22		Jul-22	Partially complete	Governance Improvement Plan being presented to the Board in June 2022.

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Annual Audit Report (External - Mazars)	The Code requires that Audit and Risk Committee must have "particular engagement with internal and external audit". There was no internal audit function in place for the first three months of 2021/22. Following a delayed appointment, there have been delays in initial meetings at the College taking place.	Head of Finance	1	Mar-22		Mar-22	Complete	Internal Audit plan for three years from 2021/22 has been agreed with the Audit and Risk Committee and is now in place.
Annual Audit Report (External - Mazars)	The reporting timetable of the Board and its Committees should be timed so that there is a timely and efficient report to the RSB Board following meetings.	Clerk to the Board	1			Jun-22	Partially complete.	The respective Clerks to the Board are in discussion on the timing of meetings. Head of Finance has resumed being in attendance at RSB full Board meetings and makes a report to the RSB Audit and Finance Committee meetings. Also, the Chairs of the RSB and SLC Audit and Finance Committees are invited to the other's Committee meetings.
Annual Audit Report (External - Mazars)	Minutes, papers and updated Board member biographies should be updated on the website as soon as possible.	Clerk to the Board	1	Mar-22		Jun-22	Partially complete	Board papers are being uploaded as they are approved. Board biographies will be uploaded following next Board meeting.
Annual Audit Report (External - Mazars)	Action should be taken to reduce or extend the tenure of some Board members, to allow for a level of continuity in Board membership at the end of these tenures.	Clerk to the Board	2	Dec-22		Aug-22	Partially complete	Clerk has a draft schedule of end-of-tenure dates which requires to be ratified.