



Glasgow Kelvin College

Follow-Up Reviews

2019/20

Internal Audit Report No: 2020/04

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1. Management Summary

Introduction and Background

As part of the Internal Audit programme at Glasgow Kelvin College ('the College') for 2019/20 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2018/19 and reports from earlier years where previous follow-up identified recommendations outstanding. These were:

2019/02 – Procurement and Creditors / Purchasing;
2019/05 – Data Protection;
2019/06 – Staff Recruitment and Retention / Staff Development; and
2019/07 – Follow-Up Reviews.

Reports 2019/01 – Annual Plan, 2019/03 – Corporate Governance, 2019/04 – Long-Term Financial Planning, 2019/09 – Student Support Funds and 2019/10 – Annual Report did not contain an action plan and therefore no follow-up was required as part of this review.

Report 2019/08 – 2018/19 Student Activity Data contained four recommendations which will be followed up separately as part of our Student Activity Data audit for 2019/20.

Audit Scope and Objectives

The objective of our follow-up review was to assess whether recommendations made in internal audit reports from 2018/19 have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

For the recommendations made in the reports referred to above we ascertained by enquiry and review of supporting documentation, as appropriate, whether they had been completed or what stage they had reached in terms of completion and whether the due date needed to be revised.

Action plans from the original reports, updated to include a column for progress made to date, are appended to this report.

Overall Conclusion

The College has made some progress in implementing the recommendations followed-up as part of this review with six of 11 recommendations being 'fully implemented'. Four recommendations were assessed as 'partially implemented'.

Overall Conclusion (continued)

One recommendation was assessed as 'considered but not implemented'. We recommended that the justification categories described in the College's Single Source Justification form are aligned with the wording in the Procurement Reform (Scotland) Regulations however management feel that the current form is acceptable.

From Original Reports			From Follow-Up Work Performed			
Area	Rec'n Grades	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Considered But Not Implemented
Procurement and Creditors / Purchasing	1	-	-	-	-	-
	2	2	2	-	-	-
	3	4	-	3	-	1
Total		6	2	3	-	1
Data Protection	1	-	-	-	-	-
	2	-	-	-	-	-
	3	3	3	-	-	-
Total		3	3	-	-	-
Staff Recruitment and Retention / Staff Development	1	-	-	-	-	-
	2	-	-	-	-	-
	3	1	1	-	-	-
Total		1	1	-	-	-
Follow-Up Reviews	1	-	-	-	-	-
	2	-	-	-	-	-
	3	1	-	1	-	-
Total		1	-	1	-	-
Overall Total		11	6	4	-	1

We will follow-up the outstanding recommendation as part of the next follow-up review.

Overall Conclusion (continued)

The grades, as detailed below, denote the level of importance that should have been given to each recommendation:

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Acknowledgments

We would like to thank all staff for the co-operation and assistance we received during the course of our reviews.

Appendix I - Updated Action Plan: Internal Audit Report 2019/02 – Procurement and Creditors / Purchasing

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R1 Ensure that the justification categories described in the College's Single Source Justification form are aligned with the wording in the Procurement Reform (Scotland) Regulations.	3	<p>The College has deliberately simplified the language on its own form to better enable staff who are not trained in procurement to understand it. The College view is that this is acceptable on the basis that a qualified procurement professional reviews all Single Source Justification forms.</p> <p>The College will consider redrafting the form for procurement over £50k.</p>	Procurement Manager	31 May 2019	<p>The College feel that the current Single Source Justification form is acceptable for procurement over £50k.</p> <p><i>Considered But Not Implemented</i></p>

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Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
<p>R2 Ensure that all suppliers with spend of over £50,000, across a four year period, undergo a procurement exercise or have a Single Source Justification form completed. In addition, steps should be taken to ensure that any expenditure between £2,000 and £50,000 with only one quote has a Single Source Justification form completed and authorised.</p>	3	Recommendation accepted.	Procurement Manager	30 June 2019	<p>We selected a sample of 10 purchases made during the 2019/20 financial year and sought confirmation of the procurement route used in each case. We established that five purchases had been tendered through APUC and the first ranked supplier on an APUC framework had been used in one other instance. One purchase, for insurance, was exempt under the Teckal exemption for 'in-house services and a Single Source Justification form had been approved for the delivery of training for the Student Loans Company Flexible Workforce Development Fund.</p> <p>One purchase, for consultancy of £2,400 plus VAT, was above the threshold of £2,000 where three quotes are required however these had not been obtained and no Single Source Justification form had been completed. Management advised that this work was required urgently and the cost was expected to be below the threshold however it turned out to be more complex than anticipated and the final agreed fee was above this level.</p> <p>Information on the procurement route for one further purchase was not available prior to finalisation of this report.</p> <p>Revised completion date: 31 March 2021</p> <p><i>Partially Implemented</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R3 Ensure that all Direct Debit payments have a supporting invoice / documentation that has been authorised by two relevant staff. In all cases those authorising the expenditure should both sign and print their name.	3	Recommendation accepted, a new procedure is being developed.	Finance Manager	31 May 2019	<p>Direct Debit invoices are saved electronically, and most are available via online platforms. We were advised that the invoices are checked by the Accounts Assistant for accuracy, although for a sample of two Direct Debit payments selected (for Non Domestic Rates and PT-X BACS monthly fee) invoices were available but there was no evidence of sign-off by two members of staff.</p> <p>The Finance Manager indicated that these purchases could be processed through the P2P system going forward which would further strengthen controls in this area.</p> <p>Revised completion date: 31 March 2021</p> <p><i>Partially Implemented</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
<p>R4 Review the Procurement Procedures and Financial Regulations and ensure that they clearly set out the specific circumstances when a purchase order is required and ensure that non-compliance is addressed and reported upon regularly.</p> <p>A quarterly report should be run which identifies any items with no purchase order number and these should be reviewed to ensure that there is an appropriate justification for the absence of a purchase order.</p>	3	Recommendation accepted. Reports on non-compliance will be considered by SMT at least once per term.	Finance Manager	31 May 2019	<p>The procedures indicate that the College will only pay invoices that quote a Purchase Order (PO) number and do not set out any exceptions to this. In practice, the College does not raise POs where a contract has been agreed unless the supplier requests a PO number. The procedures need to be revised to reflect this and other exceptions.</p> <p>We selected a sample of 10 purchases made during the 2019/20 financial year and copy POs were only available in five instances. The purchases without a PO related to the building management system, insurance, consultancy and contract cleaning. Contracts were in place for four of the sample. In total nine purchases were covered by POs or a contract.</p> <p>Reports on non-compliance will be implemented as of session 2020/21.</p> <p>Revised completion date: 31 March 2021</p> <p><i>Partially Implemented</i></p>

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Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
<p>R5 Ensure that there is a large enough pool of staff to import payment files into BACS software and authorise these so that in all circumstances BACS payments are made by two separate appropriate individuals. In addition, the Finance Manager should ensure that at all times the BACS software is set up to require two independent staff to be involved in loading and authorising BACS payments. Staff authorising payments should ensure that all supporting documentation, including Finance system payment listings, are retained.</p>	2	<p>These instances relate to a single day when unexpected staff absence meant that the normal procedure was bypassed. Due to staff reductions in the team there is a restructuring of the team and roles underway which will reduce the likelihood of this recurring by increasing the number of staff who can generate a payment on the banking system.</p>	Head of Finance	30 April 2019	<p>Staff responsible for generating payments now have access to the PT-X system and upload their own pay runs e.g. payroll, purchase and student support staff.</p> <p>In addition to the above the Head of Finance has been added as an approver PT-X payments and a Management Accountant who was previously involved in processing payments has returned from maternity leave resuming these duties.</p> <p>The Finance Manager, Accountants or Head of Finance are the only staff who have permission to process the final approval in the PT-X system.</p> <p>All documentation supporting payments is retained and has two bank signatory approvals.</p> <p>A sample of two BACS payments were selected for testing and evidence was available of appropriate segregation of duties and sign-off.</p> <p>Fully Implemented</p>

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Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R6 Checks should be introduced, before each BACS run, to identify all bank account changes on the Finance system since the last pay run. In addition, an individual who does not have Finance system access rights to make bank account changes should check the items on the report to supporting documentation and sign and date this document to evidence that the check has been completed.	2	Recommendation accepted, procedures will be amended. Staff are reminded regularly in respect of fraud risk in this area and it should be noted that the College will not have change of bank account forms on file where the change is generated by the BACS system automatically.	Head of Finance	31 March 2019	Finance staff continue to be issued reminders and examples of fraud as and when they are reported by Audit Scotland and others. The most recent example was of mandate fraud, highlighted by Police Scotland. In addition, an audit data check report is generated via Sun Financials prior to each creditors pay run and is checked for bank details amendments. Supporting documentation is saved electronically and bacs runs are signed and retained. Fully Implemented

Appendix II - Updated Action Plan: Internal Audit Report 2019/05 – Data Protection

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R1 It is recommended that, in order to supplement the existing processes for maintaining oversight of data protection issues, steps should be taken to ensure that data protection is a standing item on the agenda of departmental team meetings.	3	This can be added to various College agendas alongside the other legislative requirements i.e. Health and Safety and Equality which are normal standing items.	Director of Corporate Services	31 August 2019	Data Protection is a standing item on Board of Management meetings, standing committees as well as other College internal meetings i.e. SMT, Risk Management, Estates & Sustainability Working Group, Health and Safety Committee, Learning & Teaching Committee, Remuneration Committee, Transitions to Learning & Work Steering Group, Transformation & Renewal Consultative Committee, Finance & Corporate Services Team Meeting etc. <i>Fully Implemented</i>

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Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R2 Departmental managers should be reminded that it is their responsibility to ensure that all new staff under their reporting line complete the online data protection training module as part of their induction.	3	The data protection module will be monitored in the same way as other key legislative modules to ensure completion by all staff.	Director of Corporate Services	30 September 2019	<p>Induction documentation has been prepared covering data protection matters. This training refers new staff to the GDPR Intranet page too. The WorkRite Data Protection module is completed by new staff and by all staff bi-annually. Monitoring of completion of this WorkRite module is undertaken by the Director of HR to ensure compliance.</p> <p>For the 36 new starts in 2019/20 the audit carried out at the end of the session showed three staff with outstanding modules, including GDPR in two instances. These staff have all been contacted. They will be prompted twice before it is escalated up their line management structure.</p> <p><i>Fully Implemented</i></p>

Follow-Up Reviews 2019/20

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R3 Steps should be taken to ensure that the work already underway to develop a programme of general and more targeted refresher training includes: a summary of the requirements of the GDPR / DPA 2018; the College's Data Protection Policy; the College's data protection compliance procedures and any weaknesses identified from data protection incidents / breaches.	3	Focussed/refresher training will be conducted on at least an annual basis for staff members in high risk data areas.	Director of Corporate Services	30 November 2019	<p>Training is regularly scheduled on College CPD days. Furthermore, a programme of targeted training for all departments was commenced to deliver more in-depth training specifically for high-risk departments. (Unfortunately, the closure of the College buildings due to the Coronavirus pandemic has stalled this programme for the time being.)</p> <p>Updates in relation to data protection / GDPR key topics are regularly communicated via the College's newsletter, SWAY. The focus of these communications has been largely in relation to home working. An updated data protection presentation has been communicated to staff via Microsoft Teams.</p>

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Recommendation		Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R3	(Continued)					<p>Any incidents of data protection breaches are logged and learning takes place for staff involved in order that such occurrences remain low. Monitoring of this across both the College's organisational and technical areas takes place. Furthermore, a programme of testing has taken place via the College's Business Continuity Plan (BCP) in relation to Cyber Attacks. Data Protection has been included in the BCP.</p> <p><i>Fully Implemented</i></p>

Appendix III - Updated Action Plan: Internal Audit Report 2019/06 – Staff Recruitment and Retention / Staff Development

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at August 2020
R1 Perform a check of all new employees since 1 June 2018 to ensure that they have completed all their mandatory induction training.	3	An audit of all new starts since 01 June 2018 will be undertaken by 30 August 2019. Any staff member who has not undertaken the compulsory training will be contacted by 31 October 2019.	Director of Human Resources	31 October 2019	<p>All new starts since 1 June 2018 who had not undertaken the mandatory training at the time of our original audit in April 2019 have now completed (although due to a computer glitch at the time, two staff have yet to complete a test for one module).</p> <p>For the 36 new starts in 2019/20 the audit carried out at the end of the session showed three staff with outstanding modules. These staff have all been contacted. They will be prompted twice before it is escalated up their line management structure.</p> <p>The offer of employment issued by the College provides details of the mandatory training and instructions for completion. The HR Business Partner as part of the follow up to induction contacts the H&S Manager three months after an employee commences to ensure the mandatory training is complete.</p> <p>Fully Implemented</p>

Appendix IV - Updated Action Plan: Internal Audit Report 2019/07 – Follow-Up Reviews

Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at September 2019	Progress at August 2020
Internal Audit Report 2018/05 – IT Network Arrangements / Systems Development / Implementation						
R5 Consider producing summary guidance for staff in relation to the College's approach to ICT project management which outlines the methodology to be adopted; in what circumstances the methodology should be applied; the governance arrangements; and the standard documentation that requires to be prepared (such as project briefs, system and user specifications and project plans).	3	Recommendation accepted for all ICT projects which are anticipated to exceed £50k other than hardware lifecycle replacement.	Head of ICT and Vice Principal – Finance & Corporate Services	30 August 2018	<p>PRINCE II Project Management Process has been drafted and is being considered at present by members of the SMT.</p> <p>Revised completion date: 31 December 2019</p> <p><i>Partially Implemented</i></p>	The Project Management process was finalised and approved at SMT. Given the departure of the Vice Principal – Finance and Corporate Services and the ongoing Coronavirus pandemic, no further implementation of this process has taken place to date. It is hoped that when College life returns to near normality, that this project management procedure can be fully adopted and implemented.

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Recommendation	Grade	Original Management Comments	To Be Actioned By	No Later Than	Progress at September 2019	Progress at August 2020
Internal Audit Report 2018/05 – IT Network Arrangements / Systems Development / Implementation						
R5 (Continued)						<p>Resources and dealing with the pandemic has not allowed ample time at present.</p> <p>Revised completion date: 28 February 2021</p> <p><i>Partially Implemented</i></p>

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