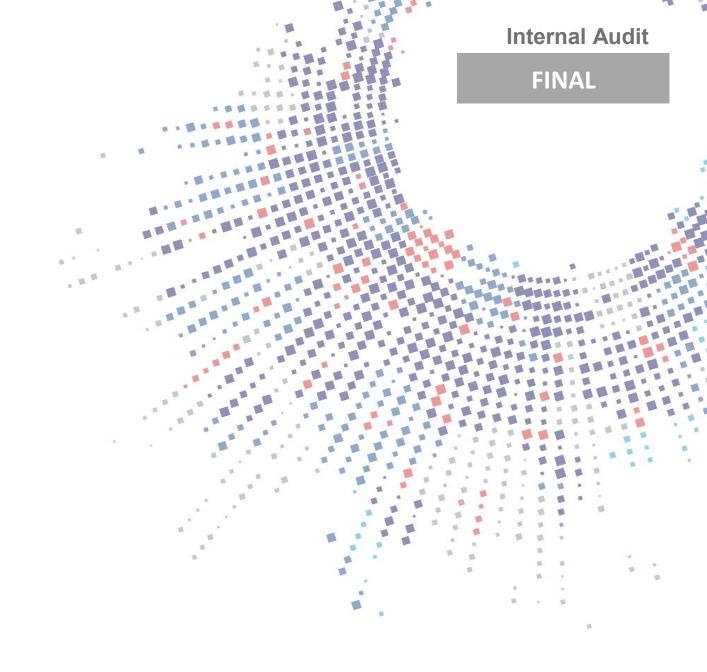# tiaa

Lews Castle College

Follow Up Review

2022/23

July 2023

Executive Summary

Introduction

1.   This follow up review by TIAA established the management action that has been taken in respect of the priority 1 and 2 recommendations arising from the internal audit reviews listed below at Lews Castle College. The review was carried out between June and July 2023.

Review	Year
System: Fixed Assets, Estate Management, and Inventories	**2015/16**
Risk Management	**2018/19**
Sickness Absence Management	**2019/20**
Performance Management and Reporting	**2019/20**
Staff Performance Reviews	**2020/21**
Procurement	**2020/21**
Income Management	**2021/22**
ICT Cyber Security	**2021/22**

Key Findings & Action Points

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Evaluation	Number of Recommendations
Implemented	1
Outstanding	3
Considered but not Implemented	5
Superseded	5
Not Implemented	-

3. Several recommendations have been superseded or considered no longer relevant in the context of the College's upcoming merger.

Scope and Limitations of the Review

4. The review considered the progress made in implementing the recommendations made in the previous internal audit reports and established the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.

5. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

6. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

Disclaimer

7. The matters raised in this report are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Release of Report

8. The table below sets out the history of this report.

Date draft report issued:	12th July 2023
Date management responses rec'd:	26th July 2023
Date final report issued:	26th July 2023

Executive Summary

Follow Up

9. Management representations were obtained on the action taken to address the recommendations and limited testing has been carried out to confirm these management representations.

10. **System: Fixed Assets, Estate Management, and Inventories**

Audit title	System: Fixed Assets, Estate Management, and Inventories	Audit year	2015/16	Priority	2
Recommendation	We recommend that the College implement a formal process for planned maintenance works.				
Previous Update	The College plans to develop a formal planned maintenance programme where estate staff will be notified on a periodic basis of the tasks required for the week. It was stated that this should be in place by December 2022.				
Responsible Officer/s	Head of Finance	Original implementation date	N/A	Revised implementation date(s)	30/07/2020 31/07/2021 21/12/2022
Latest Update	Discussions confirmed that the Estates Manager is currently developing a planned maintenance calendar which will be completed in July 2023.				
New implementation date	31/07/2023	Status	Outstanding	Implementation is in progress but the original target date has not been met.	

11. **Risk Management**

Audit title	Risk Management	Audit year	2018/19	Priority	2
Recommendation	Detailed procedures be devised which clearly set out the arrangements the College has in place for managing risks.				
Previous Update	The Head of Finance provided evidence to show that there is a Risk Management Policy retained on file, however it was confirmed that this Policy was developed in 2013 and is therefore out of date.				
Responsible Officer/s	Principal	Original implementation date	28/02/2020	Revised implementation date(s)	01/06/2021 31/12/2021
Latest Update	This recommendation has been superseded by a 2022/23 TIAA review of Risk Management.				
New implementation date	N/A	Status	Superseded	The recommendation has been superseded by findings of another internal audit review.	

12. Sickness Absence Management

Audit title	Sickness Absence Management	Audit year	2019/20	Priority	2
Recommendation	Documented procedural guidance be developed for staff and line managers who monitor, manage and record sickness absences in order to ensure consistency and compliance.				
Previous Update	The new HR system is not yet functional due to a technical issue. It was stated that there are plans for absence management procedural guidance to be developed following implementation of the HR system in October 2022.				
Responsible Officer/s	HR Manager	Original implementation date	31/03/21	Revised implementation date(s)	31/07/2021 31/10/2022
Latest Update	This recommendation has been superseded by a 2022/23 TIAA review of Sickness Absence and Performance Management.				
New implementation date	N/A	Status	Superseded	The recommendation has been superseded by findings of another internal audit review.	

Audit title	Sickness Absence Management	Audit year	2019/20	Priority	2
Recommendation	Formal attendance review interviews be carried out and documented following the trigger point of three absences in the period of a year in all cases.				
Previous Update	Compliance testing could not be undertaken as a result of unavailability of HR staff. The auditor was unable to obtain a list of staff who have breached the absence management review trigger points. It was stated that compliance will be able to be confirmed through the 2022/23 follow up.				
Responsible Officer/s	HR Manager	Original implementation date	31/03/2021	Revised implementation date(s)	31/01/2022
Latest Update	This recommendation has been superseded by a 2022/23 TIAA review of Sickness Absence and Performance Management.				
New implementation date	N/A	Status	Superseded	The recommendation has been superseded by findings of another internal audit review.	

13. **Performance Management and Reporting**

Audit title	Performance Management and Reporting	Audit year	2019/20	Priority	2
Recommendation	A Performance Management and Reporting Policy and/or Framework be developed to ensure staff and departments are aware of performance responsibilities and are provided with details of the performance indicators in use at the College along with reporting frequencies. It also be ensured that this document is linked directly to the Strategic Plan.				
Previous Update	There has been changes to the management team in the past year which has delayed implementation. There are plans for a Performance Management and Reporting Policy and/or Framework to be developed by December 2022.				
Responsible Officer/s	Principal and/or Deputy will delegate to CMT as required.	Original implementation date	31/07/2021	Revised implementation date(s)	31/10/2021 31/12/2022
Latest Update	It was confirmed by the Interim Financial Controller that this recommendation will not be progressed due to the upcoming merger and the new entity will define its own performance management framework.				
New implementation date	N/A	Status	Considered but Not Implemented	The recommendation has been considered but not implemented due to the upcoming merger.	

14. **Staff Performance Reviews**

Audit title	Staff Performance Reviews	Audit year	2020/21	Priority	2
Recommendation	In order to improve records management, electronic files and HR database be utilised for recording and monitoring PDRs. HR should hold a central record of all PDRs for monitoring purposes and to collate training and development requirements.				
Previous Update	Discussions found that the planned HR system is not currently functional due to technical issues. It is hoped that this will be up and running by the end of October 2022. 31/10/2022				
Responsible Officer/s	HR Manager	Original implementation date	31/07/2021	Revised implementation date(s)	31/10/2022
Latest Update	This recommendation has been superseded by a 2022/23 TIAA review of Sickness Absence and Performance Management.				
New implementation date	N/A	Status	Superseded	The recommendation has been superseded by findings of another internal audit review.	

Audit title	Staff Performance Reviews	Audit year	2020/21	Priority	2
Recommendation	It be ensured that performance review forms are signed and dated by both parties with a section added for any additional comments. Ensuring all staff have an electronic signature will assist implementation.				
Previous Update	It was stated that following the implementation of the newly procured HR system, staff will then have the ability to capture any staff performance reviews that have not been signed and dated. There are plans for the new HR system to be fully functional by October 2022 which will incorporate staff performance reviews and electronic signatures.				
Responsible Officer/s	HR Manager	Original implementation date	31/07/2021	Revised implementation date(s)	31/10/2022
Latest Update	This recommendation has been superseded by a 2022/23 TIAA review of Sickness Absence and Performance Management.				
New implementation date	N/A	Status	Superseded	The recommendation has been superseded by findings of another internal audit review.	

15. **Procurement**

Audit title	Procurement	Audit year	2020/21	Priority	2
Recommendation	Reporting against the Procurement Strategy be presented to the Finance and General Purposes Committee on at least an annual basis.				
Previous Update	It was stated by the Head of Finance that there are plans for an update on progress made against the Procurement Strategy to go to the Finance and General Purposes Committee in October 2022.				
Responsible Officer/s	Head of Finance	Original implementation date	15/03/2021	Revised implementation date(s)	31/10/2022
Latest Update	This recommendation will not be progressed due to the impending merger where the new entity will define its own Procurement Strategy and reporting arrangements.				
New implementation date	N/A	Status	Considered but Not Implemented	The recommendation has been considered but not implemented due to the upcoming merger.	

16.   Income Management

Audit title	Income Management	Audit year	2021/22	Priority	2
Recommendation	The aged debtors report be monitored on a continuous basis and long-term debts be considered for write-off on a regular basis following completion of the debt recovery process.				
Initial Management Response	A process will be developed to ensure that a regular review is made of the aged debtors report and consideration given as to whether a debt should be written off.				
Responsible Officer/s	Head of Finance	Original implementation date	31/12/22	Revised implementation date(s)	N/A
Latest Update	Discussions with the Financial Controller confirmed that there are still historical debtors logged on the aged debtors report. It was stated that the College will go through a process to write these debts off before the merger takes place in July 2023.				
New implementation date	31/07/2023	Status	Outstanding	Implementation is in progress but the original target date has not been met.	

Audit title	Income Management	Audit year	2021/22	Priority	2
Recommendation	A process be put in place for Z-receipt recording sheets to be signed as prepared and checked in order to ensure adequate segregation of duties.				
Initial Management Response	There is segregation of duties in place as the takings are checked first by the cafeteria staff and then by a member of the Finance team. However, the College will review the process to ensure that adequate controls are in place.				
Responsible Officer/s	Head of Finance	Original implementation date	31/08/22	Revised implementation date(s)	N/A
Latest Update	The Head of Finance developed a new Cafeteria Income Procedure in June 2023, where finance staff are required to complete daily refectory income reconciliations, attach supporting receipts and sign them. Evidence of this process being put into practice could not be obtained at the point of audit fieldwork.				
New implementation date	TBC	Status	Outstanding	Implementation is in progress but the original target date has not been met.	

17. ICT Cyber Security

Audit title	ICT Cyber Security	Audit year	2021/22	Priority	2
Recommendation	A service level agreement be produced and agreed jointly between UHI and LCC. Performance of the SLA be monitored periodically and discussed between the two partners, particularly those aspects which have to do with information security services and related reporting arrangements. Once the SLA has been produced a gap analysis be undertaken to identify any information systems, services or devices not supported by UHI, for example any systems which may be hosted directly by software suppliers or not included in the SLA with UHI.				
Initial Management Response	The College will work with UHI Learning & Information Service (LIS) to develop an SLA and thereafter undertake a gap analysis to identify missing systems or services. As part of the SLA referred to, communications and reporting will be agreed and documented. The College's IT department already attend monthly information security meeting with HEFESTIS CISO (who provide an external view on the implementation and status of information security controls). Going forward, LIS intend on formalising regular reporting relating to security service updates to the Regional ICT committee and that UHI Internal Audit will deliver annual reporting on the subject matter to Chairs of Audit.				
Responsible Officer/s	Head of Finance	Original implementation date	31/03/2023	Revised implementation date(s)	N/A
Latest Update	This recommendation will not be progressed as existing service level agreements between the wider UHI Group and UHI Outer Hebrides will become redundant following the move to a new merged College.				
New implementation date	N/A	Status	Considered but Not Implemented	The recommendation has been considered but not implemented due to the upcoming merger.	

Audit title	ICT Cyber Security	Audit year	2021/22	Priority	2
Recommendation	A review be undertaken to ensure that advice contained in the UHI information security risk management framework has been properly embedded in College policies, procedures and risk management arrangements. The review should also confirm that the level of information available to / required by the College to fulfil its responsibilities for information security management is agreed with UHI and provided.				
Initial Management Response	The College will undertake this review and create a single point of collating policies / procedures and risk management arrangements. The risk register will be updated and linked to this repository.				
Responsible Officer/s	Head of Finance	Original implementation date	31/03/2023	Revised implementation date(s)	N/A
Latest Update	This recommendation will not be progressed due to the impending merger. College policies and procedures will be determined by the new entity and will be aligned to the UHI Information Security Risk Management Framework at this point.				
New implementation date	N/A	Status	Considered but Not Implemented	The recommendation has been considered but not implemented due to the upcoming merger.	

Audit title	ICT Cyber Security	Audit year	2021/22	Priority	2
Recommendation	The ICT Acceptable Use Policy be updated for recent developments and changes to working practices. All staff and students be asked to acknowledge their understanding and acceptance of the policy. Updates to the policy be included in mandatory information systems training and new staff be asked to sign up to the policy during their induction.				
Initial Management Response	The Acceptable Use policy is a document adopted across the UHI partnership and so it is not in our remit to be able to arbitrarily make changes to it and available on UHI website. The College will consult with UHI to suggest changes be made to reflect recent developments. If required, an addendum will be created to "localise" the policy. From Nov 22- All Users must now confirm that they have read and understood the Acceptable Use Policy each time they log into a PC. All students when enrolling are signposted to the policy and have to acknowledge compliance with it. We will make the policy more accessible on UHI OH website also. Acceptable use policy review will be included in annual staff mandatory training.				
Responsible Officer/s	Head of Finance	Original implementation date	31/03/2023	Revised implementation date(s)	N/A
Latest Update	The Interim Financial Controller provided a screenshot showing the UHI Acceptable Use Policy displaying at the point of system login. By clicking "OK" staff are confirming agreement to comply with the Policy.				
New implementation date	N/A	Status	Implemented	The recommendation has been implemented.	

Audit title	ICT Cyber Security	Audit year	2021/22	Priority	2
Recommendation	Senior college managers and IT team(s) undertake a desk-based scenario rehearsal to understand how the UHI cyber response plan can best be incorporated in LCC's business continuity plans.				
Initial Management Response	The College Management Team will undertake a desk-based review of both the Business Continuity plan and the UHI cyber-response plan.				
	This exercise will be in collaboration with UHI LIS, given their significance in managing the co-ordinated response from any services that are delivered via LIS (which are the majority of UHI OH services).				
Responsible Officer/s	Head of Finance to lead coordination with relevant stakeholders and overseen by Principal.	Original implementation date	30/06/2023	Revised implementation date(s)	N/A
Latest Update	This recommendation will not be progressed due to the impending merger. A new Business Continuity Plan and Cyber Response Plan will be developed by the new merged College.				
New implementation date	N/A	Status	Considered but Not Implemented	The recommendation has been considered but not implemented due to the upcoming merger.	