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AUDIT COMMITTEE REPORT

Subject: Internal Audit Assignment – Credits Audit 2019/20	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: H Robertson Vice Principal – Finance & Corporate Services	**Date:** 18 November 2020

Purpose: To present for the findings of the Credits Audit for 2019/20.

Linked to Strategic Goal: We will take a leading role in enabling an inclusive, resilient and sustainable Scotland

Executive Summary:

The attached report details the work carried out by the College's internal audit service in testing the procedures adopted by the College with no recommendations made. The overall conclusion being:

The College has reasonable procedures and controls over the collection of data for the Credits return and assurance can be taken that the Credits count for the College is not materially mis-stated.

The systems used by the College are satisfactory in all areas.

Borders College delivered 26,130 Credits against a target of 25,979 Credits.

The College has delivered its Credits target for 2019/20 and as a result there should be no clawback of funds.

The audit certificate was submitted to SFC on the 2 October 2020.

Recommendation:
Committee consider the findings of the report and approve the auditor's findings.

Previous Committee Approvals:
n/a

For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

Wylie+Bisset
Chartered Accountants, Business & Tax Advisers

Borders College

Credits Audit

2019/20

September 2020

TABLE OF CONTENTS

Section		Page
1.	Executive Summary	3
2.	Benchmarking	6
3.	Risk Areas & Audit Tests	7
4.	Analytical Review	11
5.	Audit Arrangements	15
Appendices		
A.	Audit Certificate	17
B.	Grading Structure	18

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.

This report has been prepared solely for Borders College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

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.

1 EXECUTIVE SUMMARY

Introduction

A review of the College's student data returns has been carried out in accordance with the 2019-20 Credits Guidance notes issued by the Scottish Funding Council on 3 July 2019 and the Audit Guidance for Colleges issued on 16 July 2020.

The audit certificate, along with the college certificate, was submitted to the Scottish Funding Council (SFC) by 2 October 2020. This report was submitted to the SFC by 2 October 2020.

Scope of Review

The audit procedures have been designed to ensure that the College has adhered to the "Credit Guidance: Student Activity Data Guidance for Colleges in AY 2019-20". The audit took 5 days to complete comprising fieldwork carried out by the Auditor and a review by the Manager and the Partner. All staff involved in the audit had relevant Credits experience.

Our audit sample was selected using analytical techniques and covered a minimum of 5% of the total credit count with a minimum of 10 courses being tested. Additional sample checks were also carried out on Credits relating to Open/Distance Learning, Infill, Credits spanning academic years, Work Based Learning, Fee Waiver, non fundable courses.

The audit process of reviewing the returns being submitted was carried out using the following processes:

- a review of the systems operated by the College for the return;
- appropriate walk through and compliance checks for the relevant areas;
- analytical review techniques to ensure testing was undertaken in the most appropriate areas;
- reviewing the risk areas and the specific issues for 2019/20 highlighted in the audit guidance. As such no issues were highlighted in our previous Credits Review for AY 2018/19;
- sample checking the data included in the return;
- specifically tailored Credits audit programmes.

Summary of Recommendations

Current Year Recommendations	High	Medium	Low	Total
No recommendations raised	-	-	-	-

Prior Year Recommendations	High	Medium	Low	Total
No recommendations raised	-	-	-	-

1 EXECUTIVE SUMMARY

Conclusion

The audit certificate in respect of the 2019/20 returns is included within Appendix A, is unqualified and is in the format set out in the audit guidance. The audit certificate was submitted to SFC on the 2 October 2020.

Overall Conclusion:
The College has reasonable procedures and controls over the collection of data for the Credits return and assurance can be taken that the Credits count for the College is not materially mis-stated. The systems used by the College are satisfactory in all areas. Borders College delivered 26,130 Credits against a target of 25,979 Credits. The College has delivered its Credits target for 2019/20 and as a result there should be no clawback of funds.

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the year ending 31 July 2019.

Benchmarking	High	Medium	Low	Total
Average no. recommendations in similar audits	-	-	2	2
Recommendations at Borders College	-	-	-	-

As can be seen from the above table, the College has a lower number of recommendations in comparison to the colleges it has been benchmarked against.

3 RISK AREAS & AUDIT TESTS

Non Fundable Activity

We reviewed the College's FES data to confirm that any activity classified as fundable was in line with SFC guidance. We reviewed the College's non-fundable activity to ensure that no Credits had been claimed for this. ***This identified no issues.***

Spanning Programmes

We reviewed in full courses which spanned the academic year to ensure the College had deferred until next year all credits for courses spanning 2019/20 to 2020/21. ***Our testing concluded that credits have been claimed in the correct period.***

Non-Fundable and Fundable Students

We reviewed all students classified as non-fundable by the College to confirm accuracy and completeness. Testing was also performed to ensure that Credits values had only been allocated to those students classified as fundable. ***Our testing identified no issues.***

Full Time and Other than Full Time Classification

A sample of 10 courses were selected at random from the four modes of attendance (6 from further education full time and 4 from further education other than full time). Testing was undertaken to ensure these were correctly classified. ***We can conclude that all courses tested were correctly classified as full-time or other than full-time.***

Higher Education and Further Education Classification

The sample of 10 courses above was also tested to ensure that they had been correctly classified as further/higher education. ***Our test results indicate that courses had been correctly classified.***

Infill Students

We tested a sample of 10 students treated as infilling into courses to ensure that they had been correctly classified and that Credits had been calculated correctly. ***Our testing found that the College had only claimed Credits for the subjects undertaken by these students, therefore we can conclude that the College is correctly allocating Credits to its infill students.***

ECDL Provision

We reviewed the sample of 10 students studying ECDL courses to ensure that Credits had been allocated in line with SFC guidance. The College has a standard procedure for calculating Credits for ECDL units. We note that the College carry out their own checks to ensure they have not incorrectly claimed on ECDL students. ***No issues were identified during our testing.***

Price Group Numbers (Formally Dominant Programme Group (DPG))

A sample of 10 courses were selected at random and tested to ensure that the correct superclass codes and the most appropriate dominant programme group had been allocated to these courses. ***No issues were identified during our testing.***

See section 4 for details of our analytical review undertaken in respect of Credits per Price Group.

Attendance Criteria

For the 10 courses above, we performed testing to ensure that the College had correctly calculated and recorded the required date. We then selected a sample of two students from each of the initial 10 courses sampled and ensured that the College had obtained a valid enrolment form and that where Credits had been claimed, the student had attended past the required date. We also performed testing on a sample of 15 withdrawals to ensure that these had been processed in accordance with SFC guidance. ***No issues were identified during our testing.***

3 RISK AREAS & AUDIT TESTS

Credits Count

For our sample of 10 courses we recalculated the individual Credits for each of these courses to confirm the correct value had been allocated by the College. We reviewed the attendance of the students on these courses to ensure that Credits were only claimed for those students who had attended beyond the required date and who were fundable students. ***No issues were identified through our testing.***

Maximum Credits Claim

All students with more than one enrolment are identified and investigated by the College on a monthly basis as part of the FES monthly return to the SFC. This is to ensure that Credits have not been over claimed. ***No issues were identified through our testing.***

Non Accredited Work Experience

We selected a sample of 5 non accredited work experience students to ensure that enrolment forms had been completed and attendance had surpassed the required date of attendance. We also ensured that non accredited work experience students had been correctly classified and that Credits had been calculated correctly. ***No issues were identified during our testing.***

Fee Waiver

A sample of 10 fee waived students were selected and their eligibility assessed. This was done by tracing to an enrolment form and where appropriate a fee waiver form and relevant eligibility documentation. We also assessed whether the students had been allocated to the most appropriate fee wavier category. ***No issues were identified in our sample testing.***

We also performed analytical review on the College's fee waiver claim, see section 4 for further details.

Open/Distance Learning

We reviewed a sample of 10 open/distance learning students and traced each student to enrolment form, ensured credits had been calculated correctly and postcodes that were out with Scotland had been treated as non fundable. ***No issues were identified in our sample testing.***

Collaborative Provision

We reviewed the collaborative provision agreements in place at the College to ensure it met SFC requirements. ***No issues were identified.***

Credits per Price Group Analytical Review

We reviewed the Credits per Price Group and compared these with the previous year's Credits per Price Groups figures, investigating any significant fluctuations with the College.

Price Group	2019/20		2018/19		Number Variance	Variance Credits
	Credits	% of Total	Credits	% of Total		
1	1,891	7.24%	1,668	6.42%	223	13.36%
2	12,006	45.95%	11,664	44.88%	342	2.93%
3	8,978	34.36%	9,313	35.83%	(335)	(3.60%)
4	2,179	8.34%	1,813	6.97%	366	20.19%
5	1,076	4.12%	1,533	5.90%	(457)	(29.81%)
TOTAL	**26,130**		**25,991**			

The most significant fluctuations in Price Group categories, in percentage terms, relate to Price Groups 1, 4 and 5 as there was a fluctuation based on recruitment levels.

4 ANALYTICAL REVIEW

We have also compared the average Credits per student head count for 2019/20 and 2018/19

Average Credits	2019/20	2018/19
Credits	26,130	25,991
Student Head Count	4,159	3,239
Ave. Credits per student	6.28	8.02

Fee Waiver Analytical Review

We also reviewed the fee waiver figures per category of fee waiver and compared these with the previous year's figures, again investigating any significant fluctuations with the College. See page 13 for details of our Fee Waiver analytical review.

Fee Waiver Claim	2019/20 (£)	2018/19 (£)
Full time non advanced	724,752	696,528
Income Support	678	1,585
Low income with no benefits	-	56
Cost borne by College	19,069	17,822
Incapacity Benefit	-	-
Severe disablement allowance	-	-
Housing Benefit	-	-
Special Needs (DPG 18) Students	44,946	62,235
Carers Allowance	453	679
Disability Living Allowance	-	-
Pension Credit	-	-
Working Tax Credit	829	5,019
Old FT Criteria	-	-
School Pupils	193,254	140,912
Attendance allowance		-
Income based jobseekers allowance		-
Employment and support allowance	1,057	679
Contributory employment and support allowance (ESA)		-
Personal Independence Payment	453	479
Universal Credit	1,057	-
Total	986,550	925,993
Total (excl. Cost borne by College and over claims)	**967,480**	**908,171**

4 ANALYTICAL REVIEW

The most significant fluctuations in fee waiver categories relate to “Student on DPG 5 Programme”, “School Pupil” “ Housing Benefit” and “Cost Borne by College”.

- The decrease in “Student on DPG 5 Programme” is due to fewer full time students recruited on for the programmes.
- The increase in “School Pupil” is due to an increase in the school programme and credits delivered.
- The increase in “Costs Bourne by College” is due to an increase is dependant on student circumstances.
- The decrease in “Income Support” and “Working tax credit” is due to an increase in students claiming Universal Credit as a result of changes in the benefits system.

5 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	14 September 2020
Closing meeting	18 September 2020
Draft report issued	25 September 2020
Receipt of management responses	1 October 2020
Final report issued	2 October 2020
Audit Committee	26 November 2020
Submission to Scottish Funding Council	2 October 2020
No of audit days	5

5 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
Manager	Scott McCready	Internal Audit Manager	scott.mccready@wyliebisset.com
Senior	Damian Gray	Internal Audit Senior	damian.gray@wyliebisset.com

Borders College			
Key Contact	Joanne George	Head of Management Information Systems	jgeor@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.

A AUDIT CERTIFICATE

Auditors' Report to the members of the Board of Management of Borders College

We have audited the FES return which has been prepared by Borders under the 'credits Guidance' issued 3 July 2019 and which has been confirmed as being free from material mis-statement by the College's Acting Principal in his Certificate dated 2 October 2020

We conducted our audit in accordance with guidance contained in the 2019/20 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. We evaluated the adequacy of these controls in ensuring the accuracy of data. It also included examination, on a test basis, of evidence relevant to the figures recorded in the student data returns. We obtained sufficient evidence to give us reasonable assurance that the returns are free from material mis-statement.

In our opinion:

- the student data returns have been compiled in accordance with all relevant guidance;
- adequate procedures are in place to ensure the accurate collection and recording of the data; and
- on the basis of our testing we can provide reasonable assurance that the FES return contains no material mis-statement.

Signature	Wylie & Bisset
Date	2 October 2020
Name of Audit Firm	Wylie & Bisset LLP
Contact Name	Graham Gillespie
Contact telephone number	0141 566 7000
Date FES returned	2 October 2020

B GRADING STRUCTURE

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:

Grading	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 organisation as a matter of urgency
Medium	Significant issue or weakness which should be addressed by the organisation as soon as possible
Low	Minor issue or weakness reported where management may wish to consider our recommendation