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BORDERS COLLEGE REGIONAL BOARD

AUDIT & RISK COMMITTEE

30 November 2023

Internal Audit Assignment – Credits 2022/23

1.0 PURPOSE OF PAPER

For decision

1.1 The purpose of this paper is to provide the Committee with findings of the internal audit for Credits in 2022-23.

2.0 EXECUTIVE SUMMARY

2.1 There is an annual requirement to provide the Scottish Funding Council with an audit certificate. The certificate is required to be provided to SFC by 29 September 2023.

2.2 The required annual internal audit has been undertaken during September and the controls have been found to be satisfactory.

2.3 The completion and satisfactory audit has allowed the required audit certificate to be submitted to Scottish Funding Council on 29 September.

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 Scottish Funding Council are the main funders of colleges across Scotland. Funding allocations are given to Colleges on an annual basis along with credit targets to be achieved. The acceptance of the funding includes requirements to report credit information regularly via the Further Education Statistics (FES). There is also the requirement for the FES to be audited on an annual basis. Guidance for the FES and audit are issued by SFC including the key areas to be contained in the audit and deadline for submission of the Audit Certificate.

4.2 In addition, auditors are required to provide college management with a formal report setting out the approach, scope and findings of their review. A written report should be completed by the auditor and presented to college management. It is the college's responsibility to submit a copy of this report,

incorporating the responses from college management, to SFC by 29 September 2023.

5.0 2022-23 Audit

5.1 The 2022-23 audit guidance was issued by Scottish Funding Council on 30 August 2023 and can be found here. The guidance requires the audit certificate to be submitted to Scottish Funding Council by 29 September 2023

5.2 The audit work was completed by Wylie Bisset, in accordance with the guidance, during September and the audit certificate was submitted to SFC on 29th September.

5.3 There were no recommendations identified and the overall conclusion is shown below. The full report is contained in Appendix A.

"The College has satisfactory 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.

The College credit target for the academic year 2022/23, agreed between the SFC and the College, was 26,546 credits compared with an actual total of 26,747 credits."

6.0 IMPLICATIONS AND CONSIDERATIONS

6.1 Financial Implications

The are no direct financial implications from the contents of this report. The satisfactory completion of the audit and audit certificate submission provides SFC with assurance the funding given to college has achieved the deliverables required.

6.2 Learner Implications

There are no direct 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 The satisfactory completion of the audit and submission of the required audit certificate to SFC mitigate any possible risk of funds being clawed back due incorrect recording and reporting of credits.

8.0 CONCLUSION

8.1 The annual audit of Credits has been completed and the controls have been found to be satisfactory, allowing the required audit certificate to be submitted to SFC, within the required time frame.

Kirsty Robb, Vice Principal Finance & Corporate Resources

Previous Committee Approvals: N/A

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For publication ☒	**Not for publication** ☐ **If not, why not?**

Wylie + Bisset
Accountants, Business & Tax Advisers

Borders College
Internal Audit

Credits Audit 2022/23
September 2023

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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.
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. Every sound system 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 "Credit Guidance for Colleges AY 2022-23" issued by the Scottish Funding Council (SFC) on 31 May 2022 and the "FES Return and Audit Guidance 2022/23" issued **30 August 2023**.

The audit certificate, along with the college certificate, was submitted to the Scottish Funding Council on 29 September 2023. This report was submitted to the SFC on 29 September 2023.

Scope of Review

The audit procedures have been designed to ensure the College has adhered to the "Credit Guidance for Colleges AY 2022/23". As planned, the audit took 5 days to complete comprising fieldwork carried out by the Auditor and a review by both the Senior Internal Audit Manager and the Partner. All staff involved in the audit had relevant experience.

Our audit sample was selected using analytical techniques and covered a minimum of 5% of the total Credits count with a minimum of 10 courses being tested. Additional sample checks were also carried out on Credits relating to Open/Distance Learning, Credits spanning academic years, Work Based Learning, Fee Waiver, and 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, issues raised in 2021/22 and the specific issues for 2022/23 highlighted in the audit guidance;
- Sample checking the data included in the return; and
- Specifically tailored Credits audit programmes.

1 EXECUTIVE SUMMARY

Summary of Recommendations

Current Year recommendations

Grading of Recommendations	High	Medium	Low	Total
Credits	-	-	-	-

As can be seen from the above table there were no recommendations raised.

Prior Year recommendations

Grading of recommendations	High	Medium	Low	Total
There were no recommendations made on the Credits Audit 2021/22.				

1 EXECUTIVE SUMMARY

Conclusion

The audit certificate in respect of the 2022/23 return included within Appendix A, is unqualified and is in the format set out in the SFC audit guidance. The audit certificate was submitted to SFC on 29 September 2023.

Overall Conclusion
The College has satisfactory 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. *The College credit target for the academic year 2022/23, agreed between the SFC and the College, was 26,546 credits compared with an actual total of 26,747 credits. A summary of the variances is included in the table below.*

	Target	Delivered	Variance
Core Credits	25,862	25,899	37
Foundation App	684	848	164
Total	26,546	26,747	201

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 2022.

Credits Audit 2022/23

Benchmarking	High	Medium	Low	Total
Average number of recommendations in similar audits	-	-	2	2
Number of 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, in full, with the College to confirm that all activity which has been classified as fundable has been correctly classified. We reviewed non-fundable activity to ensure that this is complete. ***From our review we found that all courses were accurately treated as either fundable or non-fundable by the College.***

Spanning Programmes

We reviewed in full all courses which spanned the academic year to ensure the College had deferred until next year all credits for courses spanning 2021/22 to 2022/23. ***Our testing concluded that credits have been claimed in the correct period.***

Non-Fundable and Fundable Students

We reviewed in full all students classified as non-fundable by the College to confirm accuracy and completeness. Testing was performed to ensure that credits values have only been allocated to fundable students. ***Our testing indicated that the College are classifying its fundable and non-fundable students correctly.***

Full-Time and Other than Full-Time Classification

A sample of 10 courses were randomly selected from the four modes of attendance (4 from higher education and further education full-time and 6 from higher education and 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.***

Higher Education and Further Education Classification

The sample selected was the same as the above test. ***Our audit work indicated that courses had been correctly classified.***

3 RISK AREAS & AUDIT TESTS

Infill Students

The College do not offer any infill courses as such there was no infill students.

Attendance Criteria

For our sample of 10 courses tested, we tested to ensure that the College had correctly calculated and recorded the required date. ***We can confirm that the College has calculated course required dates in line with the guidance.***

For these 10 courses we performed testing to ensure that the College had correctly calculated and recorded the required date. ***We can confirm that the required date for our sample was correctly calculated.***

For a total of 20 students, we ensured that the College had obtained a valid enrolment form and that where credits had been claimed, the student had attended past the correct required date. ***We can confirm that for each student in our sample an appropriate enrolment record was available.***

We traced a total of 20 students to attendance registers to ensure that they had attended beyond the required date, where credits had been claimed for the student. ***Our testing found no issues.***

We also performed testing on a sample of 10 withdrawals to ensure that these had been processed in accordance with SFC guidance. ***No issues found.***

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 attributed to those students who had attended beyond the required date and who were fundable students. ***We found that the College has correctly calculated the Credits. See Attendance Criteria above for details about our findings from our testing of students attending beyond the required date.***

3 RISK AREAS & AUDIT TESTS

Maximum Credits Claim

All students with more than one enrolment were identified and investigated to ensure credits were not overclaimed. ***Our testing found that there were no overclaims. We also completed a review of related study courses and found no issues during this testing.***

Fee Waiver

A random sample of 10 fee waived students were initially selected. We checked to ensure that their eligibility for a fee waiver had been assessed appropriately by the College. 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 waiver category. ***We can confirm that for each student in our sample an appropriate enrolment record was available which specified the fee waiver.***

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

Open/Distance Learning

The College have 4 open/distance learning students who have no Credits however, from analysis and discussions held with the College we understand the College have 1 open/ distance learning course which is fully funded by Workforce Development Funding therefore, it is not eligible for credits.

Work Based Learning

A random sample of 10 students from work-based learning courses were selected and traced to the students' enrolment form and evidence of achievement/progression to ensure the College were correctly claiming credits. ***Our testing found that there were no issues with the work based learning students.***

Collaborative Provision

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

4 ANALYTICAL REVIEW

Credits Analytical Review

We reviewed the Credits per Price Group and compared these with the previous year's Credits per Price Group figures, investigating any significant fluctuations with the College. There are no material variations in the level of teaching activity as shown by the table below. Where there have been movements (positive or negative) these are in line with the forecasted level of delivery as per the 2022/23 curriculum plan.

	2022/23		2021/22		Variance
Price Group	Credits	% of Total	Credits	% of Total	Credits
1	1,969	7%	1,782	7%	187
2	11,415	43%	13,318	49%	-1,903
3	8,419	31%	7,206	27%	1,213
4	4,162	16%	3,980	15%	182
5	782	3%	628	2%	154
Total	**26,747**	100%	**26,914**	100%	**-167**

There has been a decrease of approximately 0.006% in the overall credit delivery.

The main reasons for these movements are as follows:

- Price Group 1: Increase in Modern Apprenticeships (Business and Administration and Management);

4 ANALYTICAL REVIEW

- Price Group 2: Decrease in credits claimed for Rugby Programmes;
- Price Group 3: Continued increase in construction Apprentices and STEM provision;
- Price Group 4: Increase in Horse Racing provision; and
- Price Group 5: Recruitment in Supported programmes returned to previous levels post Covid-19.

We have also compared the average credits per student head count for 2021/22 and 2022/23 and found that there was a decrease in the overall average credits per student of 1.1 (10.95%). We understand this is largely down to the increase in part time fundable enrolments and these have lower credits than full time fundable enrolments.

Average Credits	2022/23	2021/22
Credits (excluding ELS)	26,474	25,882
Student Head Count	2,930	2,573
Ave. Credits per student	9.13	10.06

4 ANALYTICAL REVIEW

Fee Waiver Analytical Review

We also reviewed the fee waiver claimed per category of fee waiver and compared these with the previous year's figures, again investigating any significant fluctuations with the College. There were no significant variations in the level of fee waiver categories. See below for details of our Fee Waiver analytical review.

Fee Waiver Category	2022/23 (£)	2021/22 (£)
Full time non advanced	681,408	621,936
Income support	-	-
Low income	-	-
Islands Authority fee waiver (excl. Orkney and Shetland)	-	-
Cost borne by college	48,540.89	18,231
Incapacity benefit	-	-
Severe disablement allowance	-	-
Housing benefit	-	-
Student on a DPG18/PG 5 programme	39,930.93	31,114
Carer's allowance	-	-
Disability living allowance	-	-
Pension credit	-	-
Working tax credit	-	-
Old FT criteria	-	-
School pupils	248,174.46	298,965
Attendance allowance	-	-
Income based job seekers allowance	-	-
Income-related employment and support allowance	-	-
Student in care	-	-
Asylum seeker or spouse or child of an asylum seeker	-	-
Contribution based employment and support allowance	-	-

Personal Independence Payment (PIP)	-	-
Universal credit (UC)	-	642
COVID	-	40,492
Short full-term (SFT) course where the student is eligible for	-	-
Total – including cost borne by college	1,018,054.28	1,011,380
Total – excl. cost borne by college and overclaims	969,513.28	993,149

There has been an increase of approximately 1% in the fee waiver claim (excluding cost borne by the College and over claims). The most significant fluctuations in fee waiver categories relate to 'Full-Time Non-Advanced', 'Cost Borne by the College', 'Special Needs (DPG 18) Students', 'School Pupils', 'COVID', and 'Universal Credit (UC)'.

- *Increase in 'Full-Time Non-Advanced' - The College has seen an increase in the number of students who qualified for the Fee Waiver.*
- *Increase in 'Cost borne by College' – The College has seen a large increase in the number of students on FWDF, SME, etc courses.*
- *Increase in 'Special Needs (DPG18) Students' – The data is reflective of the work undertaken by the College to improve the classification of courses in accordance with SFC guidance. It is also reflective of the number of courses that the College undertakes in this area.*
- *Decrease in 'School Pupils' – The College has seen a decrease in the number of students on the school link courses in 22/23 as well as a decrease in the number of courses run.*
- *Decrease in 'Universal Credit (UC)' - The College has seen a decrease in the number of students entitled to the Fee Waiver due to UC.*
- *Decrease in 'COVID' - The College has seen a decrease in this figure as the fee remission reason is no longer being used as courses are not being cancelled due to COVID.*

5 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review.

Audit stage	Date
Fieldwork start	11 September 2023
Closing meeting	18 September 2023
Draft report issued	26 September 2023
Receipt of management responses	26 September 2023
Final report issued	10 October 2023
Submission to the SFC	29 September 2023
Audit Committee	28 November 2023
Number of audit days	5

6 KEY PERSONNEL

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	Carla Tamagnini	Internal Auditor	carla.tamagnini@wyliebisset.com

Borders College			
Key Contact	Joanne George	Director of MIS and eLearning	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.			

APPENDICES

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 College under SFC's Credits Guidance issued 31st May 2022 and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 29 September 2023.

We conducted our audit in accordance with the 2022/23 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 misstatement.

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 misstatement.

Signature	Wylie & Bisset
Date	2 October 2023
Name of Audit Firm	Wylie & Bisset LLP
Contact Name	Graham Gillespie
Contact telephone number	0141 566 7000.
Date FES returned	29 September 2023

Wylie + Bisset

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 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