

## **Item: 5.1**

**Monitoring and Audit Committee: 16 November 2023.**

**Internal Audit Report: Orkney College Credits.**

**Report by Chief Internal Auditor.**

### **1. Purpose of Report**

To present the internal audit report on procedures and controls relating to Orkney College Credits for academic year 2022/23.

### **2. Recommendations**

The Committee is invited to scrutinise:

#### **2.1.**

The findings contained in the internal audit report, attached as Appendix 1 to this report, reviewing Orkney College's student activity data return for academic year 2022/23 and thereafter providing an independent opinion on the accuracy of the Further Education Statistical return to the Scottish Funding Council, in order to obtain assurance that action has been taken or agreed where necessary.

### **3. Background**

#### **3.1.**

Orkney College is required to provide a further education statistical return on an annual basis to the Scottish Funding Council. The further education statistical return provides Credits data for the academic year 2022/23 and relates to the activities eligible for Scottish Funding Council funding in that year. The data is used to inform decisions relating to college grant allocations.

#### **3.2.**

The further education statistical return must be supported by a college certificate, an audit certificate providing an opinion on the further education statistical return and an audit report providing full details of the findings of the review.

### **4. Audit Findings**

#### **4.1.**

The audit provides substantial assurance that the further education statistical returns are free from material misstatement and that the processes and procedures relating to the collection and recording of student data are operating satisfactorily.

## **4.2.**

The internal audit report, attached as Appendix 1 to this report, does not contain any recommendations. Areas where minor administrative errors were found, were corrected during the audit and will continue to be monitored as part of the annual audit process.

## **5. Corporate Governance**

This report relates to the Council complying with governance and scrutiny and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **6. Financial Implications**

### **6.1.**

There are no financial implications associated directly with the recommendations in this report.

### **6.2.**

A Credit is equal to 40 hours of notional student learning and, for the academic year 2022/23, the average funding per credit was £307.24. The Credits data has been generated by the College management information system and returned to the Scottish Funding Council through the further education system.

## **7. Legal Aspects**

Complying with recommendations made by the internal auditors helps the Council meet its statutory obligations to secure best value.

## **8. Contact Officer**

Andrew Paterson, Chief Internal Auditor, extension 2107, email [andrew.paterson@orkney.gov.uk](mailto:andrew.paterson@orkney.gov.uk).

## **9. Appendix**

Appendix 1: Internal Audit Report: Orkney College Credits.



## Internal Audit

### Audit Report

### Orkney College Credits – Academic Year 2022/2023

**Draft issue date: 26 September 2023**

**Final issue date: 23 October 2023**

<b>Distribution List:</b>	<b>Assistant Principal, Orkney College</b> <b>Business Systems Specialist (FE Reporting)</b> <b>Director Education, Leisure &amp; Housing</b> <b>Head of Finance</b> <b>For onward distribution to:</b> <b>Scottish Funding Council</b>
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## Audit Opinion

Based on our findings in this review we have given the following audit opinion.

**Substantial**

**The framework of governance, risk management and control were found to be comprehensive and effective.**

A key to our audit opinions and level of recommendations is shown at the end of this report.

## Executive Summary

This audit reviews Orkney College's 2022 to 2023 student activity data return to provide an independent opinion on the accuracy of the Further Education Statistical (FES) return.

The College confirmed that there were no claims for discretionary and childcare credits in the 2022-23 Academic Year, so no audit work was undertaken in this area.

Our audit found sufficient evidence to give substantial assurance that the FES returns are free from material misstatement. The procedures and controls relating to the collection and recording of student data were found to be operating satisfactorily.

## Introduction

Colleges are required to provide a further education statistical (FES) return, a college certificate, an audit certificate, and an audit report on an annual basis to the Scottish Funding Council (SFC). These data are used to inform decisions relating to college grant allocations and accordingly it is important to ensure that they have been compiled accurately.

The credits data for the 2022/23 academic year (AY) has been generated by the College management information system (SITS) and returned to the SFC through the FES system. This data relates to all activity that is fundable by the SFC in AY 2022/23. A credit is equivalent to 40 hours of learning.

Unaudited 2022/23 student activity data was uploaded to SFC after each quarter: 1 November 2022 for quarter 1, 3 February 2023 for quarter 2 and 30 June 2023 for quarter 3. The quarter 4 return was the final return for the year, was submitted on 27 September 2023 with acceptance of the 2022/23 FES files on 28 September 2023. This return showed 3,989 credits for the year.

This report has been prepared for the management of the College to communicate the findings of our review. A copy of our Auditor's certificate is included as Annex 3 to this report.

This review was conducted in conformance with the Public Sector Internal Audit Standards

## Audit Scope

A review of Orkney College's 2022/23 student activity data return has been carried out in accordance with the SFC FES Return and Audit Guidance 2022/23 which was issued on 30

August 2022. The review was carried out to provide an independent opinion on the accuracy of the FES return, including whether the return has been compiled in accordance with SFC guidance and that there are adequate procedures in place to ensure the accurate collection and recording of data.

The audit commenced with reviewing and recording the systems and procedures in place, followed by detailed testing to assess the working of the systems and procedures.

Detailed findings arising from the review are included in this report.

Annex 1 is a comparison of the credits claimed per each Price Group (PG) for 2022/23 and 2021/22. This includes a brief explanation of any major fluctuations in PG credits totals.

## Audit Resources

The audit was carried out by the following staff:

Staff Member	Audit Days
Internal Auditor	14
Chief Internal Auditor	1

A management review of the internal audit file was conducted by the Chief Internal Auditor prior to the issue of this report.

The auditor who completed the audit is a qualified member of a Consultative Committee of Accountancy Bodies (CCAB) organisation.

## Distribution of Report

This report is for the consideration of the management of Orkney College and the SFC. This report which incorporates management comments will also be presented to Orkney Islands Council's Monitoring and Audit Committee.

The audit work completed has assessed the adequacy of the college's systems, procedures and controls which underpin the completion of the FES return, to provide an opinion on the accuracy of the FES return.

The audit process has provided sufficient evidence to give substantial assurance that the FES returns are free from material misstatement. The procedures and controls relating to the collection and recording of student data was found to be operating satisfactorily.

An error report is included in Annex 2 which details the errors found during audit testing that affected the number of credits claimed. These errors were corrected by the College prior to submission of the final claim.



## Audit Approach and Findings

1. The guidance notes issued from the SFC for both the audit and for the administrative arrangements surrounding the return were obtained and reviewed to ensure the audit included the required tests, and to be able to provide an opinion as to whether the required procedures were being followed for the data returns by College staff.
2. The system in place for maintaining student records and for the completion of the 2022/23 student activity return were documented and tested.
3. Several samples of students and courses were selected to carry out tests as set out in the audit guidance. The total credits included in the samples checked was 452 which was 11.3% of the total credits claimed.
4. The sample was selected on a random basis and included several short courses and Zero credits which explains the low percentage of total credits examined. On this sample the following tests were carried out to check that:
  - 4.1. There are signed enrolment forms for each student and the date of enrolment agrees to the FES return;
  - 4.2. Course start, and end dates are agreed from the enrolment form to the FES return;
  - 4.3. Required dates have been calculated correctly;
  - 4.4. Students have attended at least once after the required date;
  - 4.5. Modes of attendance, advanced and non-advanced classifications, and price groups have been correctly applied;
  - 4.6. Student category and source of funding codes have been correctly recorded;
  - 4.7. Only fundable students on fundable courses have been included within the claim;
  - 4.8. The credits have been calculated correctly.
5. Specific samples for the following areas were also selected and tested:
  - 5.1. A sample of 18 students undertaking the International Computer Driving Licence (ICDL) course was examined to confirm that the correct credits were being claimed in relation to the number of modules which had been completed by the student. The sample represented 100 % of the total number of ICDL students where credits were claimed.
  - 5.2. All students for which zero credits were claimed were identified. These records were examined to confirm that it was correct to claim zero credits. 100% of the population was examined.
  - 5.3. It was confirmed that there were no spanning students during 2022/23. There was therefore no requirement to complete this test.
  - 5.4. It was confirmed that there were no infill students during 2022/23. There was therefore no requirement to complete this test.

- 5.5. All students whose name was recorded twice against a course title were checked to determine whether they were duplicate entries and that the credits claimed was correct. 100% of the population was examined.
- 5.6. All students who attended more than one course were reviewed to determine whether the value of the credits claimed was appropriate, and to check that additional part time courses taken were justified. 100% of the population was examined.
- 5.7. A sample of 3 students was selected from all the fee waiver codes from a fee waiver report provided by the College. The records held for these students were checked to confirm that a fee waiver application had been correctly completed, that supporting evidence had been provided by the student and that it had been claimed correctly in accordance with SFC guidance. The 3 selected students represented 100% of the population where evidence is required to be sought to eligibility for a fee waiver.
- 5.8. A sample of students under open learning arrangements were identified from a report supplied by the College. Checks were undertaken to ensure that the College has procedures in place to agree the likely duration of study, set time-related milestones and review progress for open learning students in accordance with the SFC guidance.
- 5.9. It was confirmed that there were no students studying under a collaborative provision arrangement. There was therefore no requirement to complete this test.
- 5.10. A total of 3 students studying through work-based learning was identified from a report provided by the College and all students were selected for testing to ensure that the planned teaching hours were realistic. This represented 100% of the work-based students.
- 5.11. A sample of 12 students who withdrew from their course was selected and checked to ensure that the credits for these students were calculated correctly. The required dates were checked and whether the student had met the 25% required date. The sample size represented 21.8% of the students who withdrew during the year.
- 5.12. The European Social Fund (ESF) funding for the Highlands and Islands ended in 2019/20, and the College confirmed that no replacement funding was available. There was no requirement to undertake this test in future.
- 5.13. Additional testing was undertaken to review the calculation of required dates, and the opening and closing dates of courses being within the academic year.

## Conclusions

Audit testing has confirmed that there is a substantial system in place at Orkney College to produce the FES return. Areas where minor administration errors were identified will continue to be monitored as part of the annual audit process.

## Key to Opinion and Priorities

### Audit Opinion

Opinion	Definition
<b>Substantial</b>	The framework of governance, risk management and control were found to be comprehensive and effective.
<b>Adequate</b>	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
<b>Unsatisfactory</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.



## Orkney College

## Annex 1

Report to Management

Collection of 2022-2023 Credits Data

Detailed Analytical Review

Price Group	2023 Credits	2022 Credits	Change in Credits	% Change	2021 Credits	Change in Credits	% Change
01	640	615	25	4.0	526	89	16.9
02	1,506	1,151	355	30.8	992	159	16.0
03	1,243	1,465	-222	-15.2	1,325	140	10.6
04	343	147	196	133.0	162	-15	-9.3
05	258	369	-111	-30.1	586	-217	-37.0
<b>Totals</b>	<b>3,989</b>	<b>3,747</b>	<b>242</b>	<b>6.5</b>	<b>3,591</b>	<b>156</b>	<b>4.3</b>

Overall, the number of Credits in 2022/23 have increased from 2021/22 by 242 credits (6.5%). Credits for the price groups 1 – 3 have increased by 158 (4.9%) while credits for price groups 4 and 5 have increased by 85 (16.5%).

The increase in the number of credits in 2022/23 compared to 2021/22 of 242 credits continues the recovery from the 2020/21 Academic Year AY, which had been a challenging year due to the effects of Covid which caused a downturn in student numbers across the whole education sector as well as in Orkney College and the UHI as a whole. The work done on links with schools has resulted in an increase in these students from 170 to 300 in 2022/23.

The major movements for each price group can be explained as follows:

### Price Group 1

Business Engagement courses were lower in comparison to 2021/22 AY. 2021/22 AY was very high, probably as a result of employers sending staff on courses which they had not previously been able to do due to Covid-19. Health, social care and Education courses were boosted by an uptake in various courses around Psychology including Highers and Nat 4 courses.

### Price Group 2

Uptake in 2 tourism / tour guiding courses, health, social care and education courses at Price Group 3 replaced by courses at Price Group 2. New computing related courses run - Games Design and Development at SCQF level 5, Social Media Productions at SCQF level 5 and System Hacking and Forensics at SCQF level 5.

### Price Group 3

Continuing increase in hospitality courses offset a continued drop in take up to construction and joinery related courses. Maritime increase due to additional school pupils undertaking courses. Health, social care and education courses at Price Group 3 replaced by courses at Price Group 2.

**Price Group 4**

Increase due to more VQ courses running, giving higher credits.

**Price Group 5**

Inclusive Practice numbers continue to fall following removal of Employability Workshop (led to peak numbers in 2020/21). Hospitality increase due to students with special needs undertaking gardening course.

## Report to Management

## Collection of 2022-2023 Credits Data

## Error Report

Description of Error	Over/(Under)	Credit Value	Price Group	Value £	Corrected
1 Overclaim resulting from credits due on 12 students on Fire Fighting for Sea farers where course ended before this AY.	Overclaim	1.788	1	438.22	Yes
2 Overclaim resulting from credits due on 2 students on LANTRA Rough Terrain Masted course ending before this AY.	Overclaim	0.350	3	112.72	Yes
3 Overclaims resulting from max 18 credits being exceeded and no supporting documentation having been prepared .	Overclaim	3.151	1	772.28	Yes
		9.000	2	2,498.58	Yes
		0.350	3	112.72	Yes
4a Credits removed in error (see note below).	Underclaim	4.000	1	980.36	Yes
4b Reinstatement of above.	Reinstatement of Claim	-4.000	1	-980.36	Yes
		14.639		3,934.52	

**Credits**

Original claim 4003.846

Adjusted errors above -14.639

Adjusted claim 3989.207

**Total Adjusted Errors**

Overclaim £3,934.52

Underclaim £0.00

## Note:

Student enrolled in 22/23 and included in original credit claim figures. Re-enrolled in 23/24 for same course but did not take up their place. Subsequently, the DNS enrolment flag was applied to 22/23 in error, taking 4 credits due out of the 22/23 claim. These credits have been reinstated in arriving at the final credit claim figures.

<b>Price Groups and Price Paid per Credit</b>						
						<b>Total Credits</b>
Price Group	1	2	3	4	5	<b>Delivered</b>
Price Per Credit	£245.09	£277.62	£322.06	411.350	£424.69	
Credits	640	1,506	1,243	343	258	3,989
Total	£156,798.53	£418,106.82	£400,263.25	£140,891.90	£109,601.87	£1,225,662.38
Average Funding Per Credit						£307.24

## Orkney College

### Credits Audit Certificate for AY 2022-23


#### **Auditor's report to the members of the Board of Management of Orkney College**

We have audited the FES return which has been prepared by Orkney College under SFC's Credit Guidance issued 31 May 2022 and which has been confirmed as being free from material misstatement by the College's Assistant Principal in her certificate dated 28 September 2023.

We conducted our audit in accordance with guidance contained in 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 the data. It also included examination 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
- We can provide reasonable assurance that the FES return is free from material misstatement.

Signed by: 

Date: 28 September 2023

Name of audit firm: Orkney Islands Council, Internal Audit Section

Contact name: Andrew Paterson

Contact telephone number: (01856) 873535 Ext 2107

Date FES returned: 27 September 2023