



**ORKNEY**  
ISLANDS COUNCIL

## INTERNAL AUDIT

### Orkney College Credits Audit

### Audit Report

**Academic Year 2015/16**

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**Distribution :**

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**EXECUTIVE SUMMARY**

- This audit reviewed Orkney College's 2015-16 student activity data return in order to provide an independent opinion on the accuracy of the Further Education Statistical (FES) return.
- Our audit found sufficient evidence to give reasonable 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.
- The assistance provided by officers contacted during the course of the audit is gratefully acknowledged

## **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; therefore it is important to ensure that they have been compiled accurately.

The Credits data for academic year (AY) 2015-16 has been generated by the College management information system (SITS) and returned to the SFC through the FES system. These data relates to all activity that is fundable by the SFC in AY 2015-16. A Credit is equal to 40 hours of notional student learning.

The unaudited 2015-16 student activity data was uploaded after each quarter to SFC on 13 November 2015 for quarter 1, 5 February 2016 for quarter 2 and 27 June 2016 for quarter 3. The quarter 4 return was the final return for 3,919 Credits and was submitted on 26 September 2016 following the correction of errors.

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 Appendix III to this report.

## **AUDIT SCOPE AND OBJECTIVES**

A review of Orkney College's 2015-16 student activity data return has been carried out in accordance with the SFC 2015-16 Data Return and Audit Guidance which was issued on 12 August 2016. The review was carried out in order 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 whether the systems and procedures are working.

Detailed findings arising from the review are included in this report, as is a review of the progress made in addressing issues which arose from the audit of the 2014-15 return.

A comparison of the Credits claimed per each Dominant Programme Group (DPG) for 2016 and 2015 was also completed and is included in Appendix I; this includes a brief explanation of any major fluctuations in DPG Credits totals.

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

## **AUDIT APPROACH**

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.

The systems in place for maintaining student records and for the completion of the 2015-16 student activity return were documented and tested.

A number of samples of students and courses were selected in order to carry out tests as set out in the audit guidance. The total Credits included in the samples checked was 1061 which is 27% of the total Credits claimed.

The main testing was carried out on a sample of 50 students, which represented 4.7% of the total Credits claimed. The sample was selected on a random basis and included a number of short courses which explains the relatively low percentage of total Credits examined. On this sample the following tests were carried out to check that: -

1. There are signed enrolment forms for each student and the date of enrolment agrees to the FES return;
2. Course start and end dates are agreed from the enrolment form to the FES return;
3. Required dates have been calculated correctly;
4. Students have attended at least once after the required date;
5. Modes of attendance, advanced and non-advanced classifications, DPGs and price groups have been correctly applied;
6. Student category and source of funding codes have been correctly recorded;
7. Where a student has withdrawn, a leaver form has been completed and the leaver date agrees to the FES return;
8. Only fundable students on fundable courses have been included within the claim;
9. The Credits have been calculated correctly for each student.

Specific samples for the following areas were also selected and tested:

- a) A sample of 5 students undertaking the European Computer Driving License (ECDL) course was examined to confirm that the correct Credits were being claimed in relation to the number of modules which had been completed by each student. The sample represented 29.4% of the total number of ECDL students.
- b) A sample of 7 Extended Learning Support (ELS) students was selected to confirm that each student had a personal learning support plan (PLSP) in place and that the correct amount of Credits had been claimed. This represented 18.9% of the total ELS students.
- c) 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.
- d) All students studying a course which spans academic years were examined to confirm that the correct amount of Credits was being claimed in the appropriate financial year. 100% of the population was examined.
- e) All infill students were identified and checked to ensure that they had been correctly identified and recorded and that relevant students were counted only once on the return. 100% of the population was examined.
- f) All students whose name was recorded twice against a particular course title were checked to determine whether they were duplicate entries and that the Credits claimed was correct. 100% of the population was examined.
- g) All students for whom over 18 Credits had been claimed were reviewed to determine whether the value of the Credits claimed was appropriate, and to check that where more than one different course was being claimed, that the courses could be classed as related study. 100% of the population was examined.

- h) A random sample of 20 students was selected from all the fee waiver codes from a search of the Auditors FES spreadsheet. The records held for these students were tested to confirm that the fee waiver was assessed correctly based on evidence provided by the students concerned and claimed correctly in accordance with SFC guidance. This represented 2.4% of the population coded against fee waiver.
- i) A sample of 6 students undertaking open learning courses was examined to confirm that the progress of students is monitored; time related milestones are set and the likely duration of study is agreed at the outset. The Credits claimed were also checked. This represented 14.6% of the total population.
- j) It was confirmed that there were no students studying under a collaborative provision arrangement. There was therefore no requirement to complete this test.
- k) A total of 9 students studying through work based learning were identified from FES 2, there were zero Credits for 7 of the students and the remaining 2 were selected for testing to ensure that the planned learning hours were realistic.
- l) All short courses under 0.25 Credits (10 hours) in length were reviewed to ensure that Credits were only claimed in accordance with the exceptions detailed in the SFC guidance. 100% of the population was examined.
- m) A sample of 17 students who withdrew were 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 30.4% of the students who withdrew during the year.
- n) All Courses were reviewed to confirm that preparatory courses are included in the FES return only in accordance with the guidance.
- o) A sample of 6 students who had qualified for funding from the European Social Fund (ESF) were selected and checked to ensure that the funding criteria had been met. The sample represented 28.6% of the total population.
- p) There was no requirement to complete any additional testing as a result of errors found in the initial sampling.

## AUDIT RESOURCES

The audit was carried out by the following staff:-

<b>Staff Member</b>	<b>Audit Days</b>
Internal Auditors (2 members of staff)	16
Chief Internal Auditor	1

A management review of the internal audit file was completed by the Chief Internal Auditor prior to issue of the draft internal audit report. This report will also be reviewed by the Chief Internal Auditor prior to issue.

The audit team are all qualified members 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 the Council's Monitoring and Audit Committee.

## **ACKNOWLEDGEMENTS**

The assistance provided by officers contacted during the course of the audit is gratefully acknowledged.

## 1. 2014-15 AUDIT RECOMMENDATIONS – PROGRESS UPDATE

- 1.1 The audit opinion provided on the 2014-15 student activity data return was that “there was sufficient evidence to give reasonable 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.”
- 1.2 There were no specific audit recommendations made following the 2014-15 audit which had to be followed up during this audit.

## 2. 2015-16 AUDIT FINDINGS

- 2.1 The audit work completed has assessed the adequacy of the college’s systems, procedures and controls which underpin the completion of the FES return, in order to provide an opinion on the accuracy of the FES return.
- 2.2 The audit process has provided sufficient evidence to give reasonable 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.
- 2.3 It has been noted from the testing of enrolment forms for the 2015-16 audit that the enrolment forms completed by students can at times include an incorrect or incomplete piece of information. The data is however added or corrected by College staff when the forms are being checked and the enrolments processed.
- 2.4 **Withdrawals**
- 2.5 A number of anomalies between course end dates were identified during audit testing where the dates on the leaver forms did not agree to the last dates of attendance per the registers. This resulted in two claims being incorrect.
- 2.6 Tutors should be reminded that the leaving date recorded on the leaver form should match the last date of attendance per the register for any students who withdraws from their course during the year. Checks should also be undertaken by Student Records staff when inputting leaver details to ensure they are correct.

***Recommendation 1***

## 3. CONCLUSIONS

- 3.1 Audit testing has confirmed that there is a satisfactory system in place at Orkney College for the production of the FES return. The implementation of the audit recommendation made will help to strengthen the current system. Areas where minor administration errors were identified will continue to be monitored as part of the annual audit process.

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
	<b>Withdrawals</b>			
1	<p>Tutors should be reminded that the leaving date recorded on the leaver form should match the last date of attendance per the register for any students who withdraw from their course during the year. Checks should also be undertaken by Student Records staff when inputting leaver details to ensure they are correct.</p> <p><b>Medium Priority</b></p>	Principal/ Student Records Officer (SRO)	<p>Orkney College UHI is in the process of acquiring a licence for CELCAT Timetabler software. Part of this package allows for attendance monitoring, so it is expected that, once in place, last date of attendance can be quickly compared to date in SITS and adjustments made as necessary. This should entirely eliminate withdrawal date discrepancies going forward.</p> <p>Until this package is in place, additional manual checks will be carried out by the SRO with the aim to eliminate these discrepancies.</p>	July 2017

<b>High</b>	<ul style="list-style-type: none"> <li>• Key control absent or inadequate;</li> <li>• Serious breach of regulations;</li> <li>• Significantly impairs overall system of internal control;</li> <li>• No progress made on implementing control;</li> <li>• Requires urgent management attention.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• Element of control is missing or only partial in nature;</li> <li>• Weakness does not impair overall reliability of the system;</li> <li>• Recommendation considered important in contributing towards improvement in internal controls;</li> <li>• Management action required within a reasonable timescale.</li> </ul>

**Note:**

It should be recognised that where recommendations in the action plan are not implemented there may be an increased risk of a control failure. It is however, the responsibility of management to determine the extent of the internal control system appropriate to their area of operation.



