

Item: 6.1

Monitoring and Audit Committee: 17 November 2022.

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 2021/22.

2. Recommendations

The Committee is invited to note:

2.1.

That Internal Audit has undertaken a review of the further education statistical return and supporting systems, known as Credits, at Orkney College in relation to academic year 2021/22.

2.2.

That an audit certificate and an audit report were provided to the Scottish Funding Council to report the findings of the review.

2.3.

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to the above review.

It is recommended:

2.4.

That the Committee review the audit findings 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 2021/22 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 to this report.

6.2.

A Credit is equal to 40 hours of notional student learning and, for the academic year 2021/22, the average funding per credit was £309.39. 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 Officers

Andrew Paterson, Chief Internal Auditor, extension 2107, email andrew.paterson@orkney.gov.uk.

Peter Thomas, Internal Auditor, extension 2135, email peter.thomas@orkney.gov.uk.

9. Appendix

Appendix 1: Internal Audit Report – Orkney College Credits.



Internal Audit

Audit report

Orkney College Credits - Academic Year 2021/2022

Draft issue date: 07 October 2022

Final issue date: 21 October 2022

Distribution list:	<p>Principal, Orkney College</p> <p>Business Systems Specialist (FE Reporting)</p> <p>Corporate Director for Education, Leisure & Housing</p> <p>Head of Finance</p> <p>For onward distribution to:</p> <p>Scottish Funding Council</p>
---------------------------	---

Contents

Audit Opinion	1
Executive Summary	1
Introduction	1
Audit Scope.....	2
Audit Resources.....	2
Distribution of Report	2
Audit Approach and Findings.....	3
Conclusions	4
Key to Opinion and Priorities.....	5
Annexes.....	6

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 reviewed Orkney College's 2021 to 2022 student activity data return to provide an independent opinion on the accuracy of the Further Education Statistical (FES) return.

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.

The assistance provided by officers contacted during 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) 2021 to 2022 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 2021 to 2022. A Credit is equal to 40 hours of notional student learning.

The unaudited 2021 to 2022 student activity data was uploaded after each quarter to SFC on 5 November 2021 for quarter 1, 4 February 2022 for quarter 2 and 1 July 2022 for quarter 3. The quarter 4 return was the final return for 3,747 Credits for the year and was submitted on 7 October 2022 with acceptance of the 2021-22 FES files on the same day.

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 2021 to 2022 student activity data return has been carried out in accordance with the SFC FES Return and Audit Guidance 2021-22 which was issued on 16 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 whether the systems and procedures are working.

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

A comparison of the Credits claimed per each Price Group (PG) for 2022 and 2021 was also completed and is included in Annex 1; 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 completed by the Chief Internal Auditor prior to issue of this report.

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

Distribution of Report

1. 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.
2. 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.
3. 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 were found to be operating satisfactorily.
4. 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

5. 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.
6. The systems in place for maintaining student records and for the completion of the 2021 to 2022 student activity return were documented and tested.
7. 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 were 428.94 which is 11.45% of the total Credits claimed.
8. 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:
 - 8.1. There are signed enrolment forms for each student and the date of enrolment accords with the FES return;
 - 8.2. Course start, and end dates are agreed from the enrolment form to the FES return;
 - 8.3. Required dates have been calculated correctly;
 - 8.4. Students have attended at least once after the required date;
 - 8.5. Modes of attendance, advance and non-advanced classifications, and price groups have been correctly applied;
 - 8.6. Student category and source of funding codes have been correctly recorded;
 - 8.7. Only fundable students on fundable courses have been included within the claim;
 - 8.8. The Credits have been calculated correctly for each student.
9. Specific samples for the following areas were also selected and tested:
 - 9.1. A sample of 3 students undertaking the European Computer Driving Licence (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 the student. The sample represented 100% of the total number of ECDL students where credits were claimed.
 - 9.2. All students for whom 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.
 - 9.3. For one course, it was identified that the SITS system did not generate a Credits calculation when this could be claimed. Upon re-running the programme for the course in isolation 4.5 Credits were calculated.
 - 9.4. It was confirmed that there were no spanning students during 2021/22. There was therefore no requirement to complete this test.
 - 9.5. It was confirmed that there were no infill students during 2021/22. There was therefore no requirement to complete this test.
 - 9.6. 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.

- 9.7. 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.
- 9.8. A random sample of 5 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 the fee waiver was assessed correctly based on evidence provided by the students concerned and claimed correctly in accordance with SFC guidance. The 5 selected students represented 10.9% of the population where evidence is required to be sought for eligibility for a fee waiver.
- 9.9. It was confirmed that there were no open learning students for whom Credits were being claimed during 2021/22. There was therefore no requirement to complete this test.
- 9.10. It was confirmed that there were no students studying under a collaborative provision arrangement. There was therefore no requirement to complete this test.
- 9.11. A total of 2 students studying through work-based learning were identified from a report provided by the College and both students were selected for testing to ensure that the planned learning hours were realistic. This represented 100% of the work-based students.
- 9.12. A sample of 10 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 21.7% of the students who withdrew during the year.
- 9.13. The European Social Fund (ESF) funding for the Highlands and Islands ended in 2019/20 therefore there was no requirement to undertake this test for 2021/22.
- 9.14. There was no requirement to complete any additional testing resulting from the findings of the initial sample testing.

Conclusions

10. 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
Substantial	The framework of governance, risk management and control were found to be comprehensive and effective.
Adequate	Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or become inadequate and ineffective.
Unsatisfactory	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 2021-2022 Credits Data

Detailed Analytical Review

Price Group	2022 Credits	2021 Credits	Change in Credits	% Change	2020 Credits	Change in Credits	% Change
01	615	526	89	16.9	721	-195	-27.0
02	1151	992	159	16.0	1382	-390	-28.2
03	1465	1325	140	10.6	1387	-62	-4.5
04	147	162	-15	-9.3	152	10	6.9
05	369	586	-217	-37.0	188	398	212.1
Totals	3747	3591	156	4.3	3829	-238	-6.2

Overall, the number of Credits in 2021/22 have increased from 2020/21 by 156 credits (4.3%). Credits for the price groups 1 - 3 have increased by 388 (13.6%) while Credits for price groups 3 and 4 have reduced by 232 (31%).

The increase in the number of Credits in 2021/22 compared to 2020/21 of 156 Credits partially reverses the reduction of 238 credits between 2020/21 and 2019/20.

The 2020/21 Academic Year had been a challenging year due to the effects of COVID-19 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 major movements for each price group can be explained as follows:

Price Group 1

A bounce back in Business Engagement courses and Business SVQ enrolments, practically reversing the drop in 2020/21 which was impacted upon due to the effects of COVID-19.

Price Group 2

Uptake in Social Care, Archaeology and computing related courses.

New course run, introduction to a career into social service.

New computing related courses run including 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

Uptake in hospitality courses offset a drop in take up to construction and joinery related courses.

New hospitality courses run including Skills for work: Hospitality at SCQF 4,

Prepare, process and finish complex chocolate products.

Foundation Apprenticeship in Hospitality Skills at SCQF L4.

Price Group 4

Reduction in uptake to the SVQ in Agricultural Livestock at SCQF level 6 course.

Price Group 5

Small drop in number of people taking up Inclusive practice related courses despite the introduction of two new courses being run, entitled Pathways to Independence and School Link.

Report to Management

Collection of 2021-22 Credits Data

Error Report

Description of Error	Over/ Under	Credit Value	Price Group	Value (£)	Corrected
1 Underclaim resulting in Credits due from 3 students on a Computing ECDL course not interfacing onto FES correctly.	Underclaim	1.71	2	474.73	Yes
2 Underclaim resulting from an Introduction to food hygiene E-Learning course marked as zero credits where credits are claimable.	Underclaim	2.85	1	698.51	Yes
Total adjusted errors	Overclaim			0.00	
	Underclaim			1173.24	

Price Groups and Price Paid per Credit

Price Group	1	2	3	4	5	Total Credits Delivered
Price per Credit (£)	245.09	277.62	322.06	411.35	424.69	
Credits	615	1151	1465	147	369	3747
Total (£)	150,730.35	319,540.62	471,817.90	60,468.45	156,710.61	1,159,267.93
Average Funding per Credit						309.39

Orkney College

Credits Audit Certificate for AY 2021-22

**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 2 August 2021 and which has been confirmed as being free from material misstatement by the College's Principal in his certificate dated 7 October 2022.

We conducted our audit in accordance with guidance contained in the 2021-22 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: 10 October 2022

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

Contact name: Andrew Paterson

Contact telephone number: (01856) 873535 Ext 2107

Date FES returned: 7 October 2022