

Item: 6

College Management Council Sub-committee: 21 January 2019.

Orkney College UHI Further Education Credits Audit.

Report by Executive Director of Education, Leisure and Housing.

1. Purpose of Report

To present the internal audit report relating to Orkney College's Further Education Statistical Return.

2. Recommendations

The Sub-committee is invited to note:

2.1.

That each academic year an internal audit is undertaken of the College's Further Education Statistical return to the Scottish Funding Council.

2.2.

That, in September 2018, Internal Audit undertook a review of the further educational statistical report and supporting systems at Orkney College in relation to academic year 2017 to 2018.

2.3.

The findings contained in the internal audit report, attached as Appendix 1 to this report, relating to the review referred to at paragraph 2.2 above, which were presented to the Monitoring and Audit Committee on 15 November 2018.

3. Further Education Statistical Return Audit

3.1.

Orkney College is required to provide a Further Education Statistical return to the Scottish Funding Council annually. The Further Education Statistical return provides Credits data for the academic year and relates to all activity that is fundable by the Scottish Funding Council in that year. The data is used to inform decisions relating to College grant allocations.

3.2.

The Credit audit for academic year 2017 to 2018 was undertaken by Internal Audit in September 2018. The internal audit report, attached as Appendix 1 to this report, was reported to the Monitoring and Audit Committee on 15 November 2018.

3.3.

The audit work completed provided sufficient evidence to give reasonable assurance that the further education statistical returns were free from material misstatement. The procedures and controls relating to the collection and recording of student data were found to be operating satisfactorily.

3.4.

There were no audit recommendations made. 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.

4. Corporate Governance

This report relates to the Council complying with its governance and financial processes and procedures 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.

5. Financial Implications

5.1.

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

5.2.

A Credit is equal to 40 hours of notional student learning, and for the academic year 2017 to 2018 the average funding per credit is £248.39. The Credits data has been generated by the College management information system and returned to the Scottish Funding Council through the further education system. The data related to all activity that is fundable by the Scottish Funding Council in academic year 2017 to 2018.

6. Legal Aspects

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

7. Contact Officers

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8. Appendix

Appendix 1: Orkney College Credits Audit Report.



ORKNEY
ISLANDS COUNCIL

INTERNAL AUDIT

Orkney College Credits Audit

Audit Report

Academic Year 2017/18

Draft Report Issue Date: 26 September 2018

Final Report Issue Date: 3 October 2018

Distribution:

Principal, Orkney College

Business Manager, Orkney College

Executive Director of Education, Leisure & Housing Services

Head of Education (Curriculum & Community Learning)

Head of Finance

For onward distribution to:

Scottish Funding Council

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EXECUTIVE SUMMARY

- This audit reviewed Orkney College's 2017-18 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 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 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) 2017-18 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 2017-18. A Credit is equal to 40 hours of notional student learning.

The unaudited 2017-18 student activity data was uploaded after each quarter to SFC on 10 November 2017 for quarter 1, 1 February 2018 for quarter 2 and 6 July 2018 for quarter 3. The quarter 4 return was the final return for 3,608 Credits and was submitted on 27 September 2018 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 2017-18 student activity data return has been carried out in accordance with the SFC 2017-18 Data Return and Audit Guidance which was issued on 2 August 2018. 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 Dominant Programme Group (DPG) for 2017 and 2016 was also completed and is included in Appendix I; this includes a brief explanation of any major fluctuations in DPG Credits totals.

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 2017-18 student activity return were documented and tested.

A number of 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 983 which is 27.4% of the total Credits claimed.

The main testing was carried out on a sample of 50 students, which represented 4.5% 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) 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.
- c) 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.
- d) It was confirmed that there were no infill students for 2017/18 therefore there was no requirement to complete this test.
- e) 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.
- f) 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.

- g) 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 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. This represented 5.3% of the population coded against fee waiver.
- h) It was confirmed that there were no students on open learning courses once those studying ECDL and those with zero Credits had been removed. There was therefore no requirement to complete this test.
- i) It was confirmed that there were no students studying under a collaborative provision arrangement. There was therefore no requirement to complete this test.
- j) A total of 10 students studying through work-based learning were identified from FES 2, there were zero Credits for 1 of these students and a sample of 3 were selected for testing to ensure that the planned learning hours were realistic. This represented 33.3% of the work-based students.
- k) 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.
- l) A sample of 15 students who withdrew from their course 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 25% of the students who withdrew during the year.
- m) All Courses were reviewed to confirm that preparatory courses are included in the FES return only in accordance with the guidance.
- n) A sample of 4 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 30.8% of the total population.
- o) There was no requirement to complete any additional testing because of errors found in the initial sampling.

AUDIT RESOURCES

The audit was carried out by the following staff: -

Staff Member	Audit Days
Internal Auditor	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 was also reviewed by the Chief Internal Auditor prior to issue.

The auditors who completed this audit are 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 audit is gratefully acknowledged.

1. 2017-18 AUDIT FINDINGS

- 1.1 The audit work completed has assessed the adequacy of the college's systems, procedures and controls which underpin the completion of the FES return, to provide an opinion on the accuracy of the FES return.
- 1.2 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.
- 1.3 It has been noted from the testing of enrolment forms for the 2017/18 academic year that the 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.
- 1.4 A small number of errors were found with incorrect withdrawal dates for students however the College has recently implemented new software for the 2018/19 academic year which allows for attendance monitoring and is expected to entirely eliminate withdrawal date discrepancies going forward.
- 1.5 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 the College prior to submission of the final claim.

2. CONCLUSIONS

- 2.1 Audit testing has confirmed that there is a satisfactory 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.

**Report to Management
Collection of 2017-2018
Credits Data**

Detailed Analytical Review

Dominant Programme Group		2018 Credits	2017 Credits	Credits Change	% Change
01	Agriculture and Horticulture	216	120	96	79.8
02	Business and Management	82	63	19	30.0
03	Food Technology and Catering	406	491	-85	-17.2
04	Computing	104	117	-13	-11.5
05	Construction	704	673	31	4.6
06	Art and Design	199	265	-66	-24.9
07	Engineering	49	8	41	506.9
08	Health	952	1008	-56	-5.6
09	Minerals and Materials	2	5	-3	-59.5
10	Personal Development	92	87	5	5.7
11	Printing	0	0	0	0.0
12	Science & Maths	36	114	-78	-68.4
13	Office and Secretarial	145	113	32	28.0
14	Social Studies	348	424	-76	-17.9
15	Social Work	62	132	-70	-52.9
16	Sport and Recreation	23	47	-24	-51.6
17	Transport	91	182	-91	-50.0
18	Special Programmes	99	195	-96	-49.4
		3,608	4,044	-436	-10.8

Overall, the Credits in 2017/18 have decreased from 2016/17. The major movements can be explained as follows:

Agriculture and Horticulture - The increase in credits in this group is due to a higher number of successful SVQ completions.

Business and Management - Again, there was an increase of completing SVQ students for this area in 2017/18.

Food Technology and Catering - There was a decrease in credits across all areas in this DPG with the full time NC Hospitality, part time SVQs and short course provision all seeing a drop in student numbers.

Computing - The full time Computer Technologies with Games Design course did not run this year. However the increase in ECDL credits combined with the new school pupil intake made up for a large portion of the deficit.

Construction - No significant change.

Art and Design - A general lower intake in the NC Art and Design full time provision combined with the credits for the Introduction to Art Design and Textiles falling by half account for the drop here.

Engineering - The large increase of credits in this area is due to the college going from nearly no Engineering credits to having a large intake of skills for work school pupils in this area.

Health - No significant change.

Minerals and Materials - The course which provided all of the 2016/17 credits for this area did not run in 2017/18. A new short course in 2017/18 provided a small number of credits.

Personal Development - No significant change.

Printing - No change.

Science and Maths - The loss of two highers delivered as evening classes within this DPG is reflected in the large drop of credits claimed.

Office and Secretarial - A slight increase of students on the NC Administration course.

Social Studies - The full time NC Early Education and Childcare had a decrease in student numbers compared to the previous year. There was no PDA Education Support Assistance programme this year which also contributed to the lower credit total.

Social Work - Following the trend of lower full time students, this DPG also had a smaller intake on the NC Health and Social Care course, leading to a decrease in claimed credits.

Sport and Recreation - Although the credits for the new Sports and Recreation SVQ were claimed for this year, it did not make up for the loss of credits through the Tour Guide courses not running in 2017/18.

Transport - There were significantly less short course numbers which make up a large percentage of the total credits in this group.

Special Programmes - Only one group of students participated in a single DPG 18 course which is a drop compared to the previous year.

**Report to Management
Collection of 2017-18
Credits Data**

Error Report

Description of error	Over / Under	Credit Value	Price Group	£ Value £248.39 (See table)	Corrected
1 An underclaim was made for all students on the Professional Chef Award at SCQF level 5 of 1.6 credits per student.	Underclaim	11.20	3	-£2,788.24	Yes
2 An overclaim was made for a student on the Safe Use of Pesticides and Field Crop Sprayer courses which they did not attend.	Overclaim	0.30	1	£ 74.52	Yes
3 An overclaim was made for a student on the Skills For Work: Construction Crafts - National 4 who withdrew before the required date.	Overclaim	4.00	3	£ 993.55	Yes
4 An overclaim was made for 1 student on the SVQ 2 Healthcare Support (Non-Clinical) course due to an error in the number of planned hours.	Overclaim	0.50	2	£ 124.19	Yes
Total Adjusted Errors	Overclaim			£ 1,192.26	
	Underclaim			-£ 2,788.24	

Price Groups and Price Paid per Credit

Price Group	1	2	3	4	5	Total Credits Delivered
Price Per Credit	£193.93	£227.15	£272.55	£363.75	£377.37	
Credits	818	1163	1313	215	99	3608
Total	£158,634.74	£264,168.64	£357,858.15	£78,151.69	£37,257.74	£896,070.95

Average Funding Per Credit £248.39

Orkney College

Credits Audit Certificate for AY 2017-18

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 the 'Credits' Guidance issued 10 May 2017 and which has been confirmed as being free from material misstatement by the College's Principal in his certificate dated 2 October 2018.

We conducted our audit in accordance with guidance contained in the 2017-18 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, 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.

Signed by:



Date:

2 October 2018

Name of audit firm:

Orkney Islands Council, Internal Audit Section

Contact name:

Olwen Sinclair

Contact telephone number:

(01856) 873535 Ext 2107

Date FES returned:

27 September 2018