

SHETLAND UHI

# STUDENT RECRUITMENT

INTERNAL AUDIT REPORT

JUNE 2023

**LEVEL OF ASSURANCE:**

DESIGN      **SUBSTANTIAL**

EFFECTIVENESS      **MODERATE**



IDEAS | PEOPLE | TRUST



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FOR INFORMATION	AUDIT COMMITTEE	MEMBERS

## REPORT STATUS

LEAD AUDITOR(S):	GEMMA MACLEOD
DATES WORK PERFORMED:	20/03/2023 - 05/05/2023
DRAFT REPORT ISSUED:	01/06/2023
MANAGEMENT RESPONSES RECEIVED:	20/06/2023
FINAL REPORT ISSUED:	23/06/2023



# EXECUTIVE SUMMARY

## LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

DESIGN	Substantial	There is a sound system of internal control designed to achieve system objectives.
EFFECTIVENESS	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF FINDINGS			AGREED ACTIONS
H	0		0
M	1	<div style="width: 20px; height: 10px; background-color: orange;"></div>	1
L	0		0
TOTAL NUMBER OF FINDINGS: 1			

**OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:**

- ✓ The College may not provide accurate and up to date information to students about courses, student finance and the application process.
- ✓ The College may not be able to attract students in sufficient numbers for each course.
- ✓ The College may be failing to provide consistently accurate information on courses, student finance and the application process on a timely basis.
- ✓ The student recruitment process may not be embedded consistently throughout the college.
- ✓ The College may not be monitoring and reporting on student numbers appropriately.

## BACKGROUND & SCOPE

UHI receive funding from the Student Funding Council (SFC) based on UHI achieving regional student number targets. From this, UHI sets each of the partner institutions, including Shetland UHI (SUHI), student number targets for both Higher Education and Further Education.

If the targets are not achieved, UHI and the partner institutions are at risk of possible clawback to the SFC and reduced grant funding in future years.

To ensure SUHI meets this target it is vital they recruit enough students. Furthermore, it is important they recruit sufficient numbers onto each course, so the courses remain financially viable.

SUHI follows UHI’s Admissions Policy and receives reports on a monthly basis from UHI about student applications. Students can make applications through SUHI’s website, the information is held on a system called Paperless. SUHI staff can view student applications on Paperless and can view student recruitment information on Metis.

Detail on the key processes and practices in place in relation to student recruitment within SUHI are included in the Background section at appendix I.

## PURPOSE

The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in risk management in the following areas:

- Information for students
- Attracting students
- Course viability
- Accurate information
- Embedded process
- Monitoring and reporting

## CONCLUSION

During our review, we identified one finding relating to the financial viability of courses being run. The financial viability of courses is considered as part of the annual portfolio review; however, we did not find evidence of action being taken or justification for the continuation of loss-making courses. We are therefore able to provide substantial assurance over the design of controls surrounding student recruitment and moderate assurance over the effectiveness of these controls.



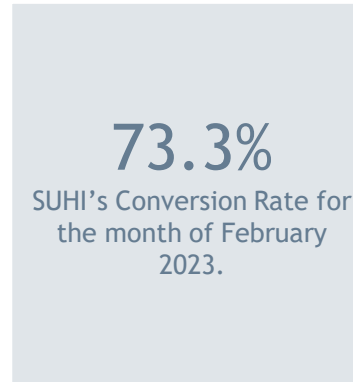
# EXECUTIVE SUMMARY

## SUMMARY OF GOOD PRACTICE

We found that:

- ▶ SUHI takes a proactive approach in providing information to potential applicants through making presentations at schools, attending parents' evenings and career events, briefing local careers advisors on course provision, and hosting open days/evenings.
- ▶ Updates, such as changes in courses or finance cut off dates, are communicated through social media or directly with applicants/students as appropriate.
- ▶ Comprehensive information for each course is available on the SUHI website.
- ▶ SUHI receives monthly updates from UHI on the level of interest shown and how this converts into formal applications. We found that SUHI's conversion rate was consistently above the average for the academic partners.
- ▶ As part of the process for proposing a new course, a Course Costing Template must be completed which calculates the minimum viable number of students. Various options are considered where there are low recruitment numbers, such as re-recruiting, embedding the programme within another course, or running the course remotely with another partner.
- ▶ There are annual academic portfolio review meetings which look at the health and viability of taught courses.
- ▶ The Learning, Teaching and Research Committee receives reporting on student recruitment at each of their quarterly meetings. This report then forms part of the Principal's Report which goes to each Board Meeting.

## USEFUL STATISTICS




# DETAILED FINDINGS



# DETAILED FINDINGS

## RISK: THE COLLEGE MAY BE DELIVERING COURSES THAT ARE NOT FINANCIALLY VIABLE TO BE RUN

FINDING 1 - FINANCIAL VIABILITY OF COURSES			TYPE
<p>It is important that the courses run by the College are financially viable based on the cost of running the course and the funding received for students undertaking the course.</p> <p>During testing we found that the Construction dashboard for 2021/22, which we were provided as an example of the annual portfolio review, showed that each course was making a loss per FTE. SUHI noted that the College resolved not to make decisions based on financial viability in this period as the finances were skewed by the effects of the merger.</p> <p>SUHI noted that not many of their courses make a contribution on their own and are instead considered as part of a wider section portfolio. SUHI advised that they are currently undertaking a finance exercise to determine the cost and income of specific courses and are revising their application review process in relation to course minimum numbers.</p>			EFFECTIVENESS  
<b>IMPLICATION</b> There is a risk that SUHI are currently running loss making courses which will negatively impact the overall finances of the College.			SIGNIFICANCE  MEDIUM
RECOMMENDATIONS	ACTION OWNER	MANAGEMENT RESPONSE	COMPLETION DATE
We recommend that SUHI proceed with the financial analysis exercise to determine the cost and income of courses and, where courses are loss making, SUHI should document the justification for continuing to run the course and agreed actions to address the issues leading to the loss. This should form part of the annual portfolio review going forward.	Deputy Principal (Laura Burden)	We accept the finding and are instigating a formal process through SMG.	31 July 2023

# APPENDICES



# APPENDIX I: BACKGROUND

## BACKGROUND

It was agreed with management and the Audit Committee within the 2022-23 Internal Audit Plan that Internal Audit would review the control arrangements which Shetland UHI (SUHI) has in place in relation to student recruitment.

Further Education (FE) student recruitment figures are still recovering nationally post-Covid. The Student Funding Council (SFC) reported that College participation rates were down in 2021-22. Almost one in five (19.9%) of 18- to 19-year-olds participated in a full-time college course, a 1.6 percentage point decrease on the 2020-21 figure. UCAS reported that more school leavers accepted places at universities in 2021-22 and the Shetland islands have one of the highest employment rates for under 25s nationally. These factors mean that a focus on student recruitment is required to ensure SFC funding continues at the current level.

SUHI undertakes a wide range of activities to recruit prospective applicants and provide information on their course provision, these activities included:

- The provision of an information booklet on courses and the application process to all S4 and S5 students in Shetland;
- Presentations at parents' evenings at each of the schools in Shetland,
- Briefing local careers advisors on the SUHI course provision and attendance at local careers events,
- Running information evenings where applicants could receive assistance with their application,
- Taster sessions and tours of the SUHI campus,
- Course information is captured in a course prospectus and on the SUHI website,
- Specific targeted marketing is undertaken for particular courses on social media.

In addition to the above activities, prospective applicants can also get in touch with SUHI directly with any queries about courses, finance or the application process. At the SUHI Learning Centre, existing students can discuss progression routes and next level courses.

Where there are any updates to courses, these are communicated directly to students/applicants or may be communicated through social media or the SUHI website where appropriate. Information on sources of funding is sent out to students along with their offer letter. During the induction for new students, the Student Support Team provide a presentation on funding options. Throughout the year, the Student Support Team post finance updates on their social media accounts (TikTok, Instagram, Facebook, Twitter & LinkedIn) and share information in the Student Newsletter which is shared via email. There are student drop-in finance events held on a weekly basis during term time and there are staff members available on campus during college hours for students to speak to regarding finance matters.

Generally, applications are made through the UHI Shetland website unless in exceptional circumstances. The information required to be provided in applications is dictated by the annual FES guidance. When an application is submitted, the SUHI Registry team get an email notification and will then put the application on their Paperless system so that the appropriate Section Head can review the application and make a decision as to whether the application should be progressed. Where an offer is made, an automatic enrolment email is sent out and, if the applicant is a school pupil, the enrolment email will also be sent to their school.

The College has been working on improving the consistency of student recruitment following the merger as there were varying approaches where some courses required interviews and others required the provision of work. There is now one point of contact in Registry that handles all school applications, and the same process is followed for all applicants, including an interview on Microsoft Teams.

Responsibilities for Student Recruitment are captured within Job Descriptions for staff with a particular role including the Communications & Student Engagement Assistant, the Guidance Co-Ordinator, the Short Course Administrator, the Vice Principal Operations, and the Vocational Training Co-Ordinator.





# APPENDIX I: BACKGROUND

## BACKGROUND (CONT.)

SUHI connects with the local council and schools in advance of agreeing the curriculum programme for the year to ensure that there is no duplication of provision and that the arrangements are agreeable for all parties e.g. the timetable aligns with council transport provision and that programmes are offered to appropriate school year groups. SUHI also works with their own curriculum teams to understand whether anything has changed from the previous year's curriculum and whether all courses are appropriately staffed.

Academic Portfolio Review Meetings are held on an annual basis and are designed to consider the health of taught courses with a view to quality enhancement and strengthening the future offering. A dashboard was drawn up for each section using an agreed set of metrics and review meetings were held with staff from the section and the review committee. A summary spreadsheet of the full portfolio review outcomes was pulled together by the Principal and shared with the Board of Management and Heads of Sections.

Where there is a proposed new course, a "Course Costing Template" must be completed which calculates the minimum viable number of students. As part of the costing, consideration is given to staff time, credit income, fee income, cost of resources, overheads and additional staff required. The form is reviewed for approval by the Quality Improvement Committee. There is also a QF7 form to be completed for the proposal of a new award or unit. This form requires details of the intended course delivery, the justification for the proposal, evidence of demand, any collaboration/engagement with the UHI Network or employers, resource requirements, assessment details and internal verification arrangements.

Where there are courses which struggle to recruit suitable numbers, SUHI decides whether the course is reasonable to run, whether it needs to be redesigned and whether the issues are a one-off. Before deciding to cancel the course, SUHI will consider alternative options including re-recruiting, embedding the programme within another course, or running the course remotely with another partner.

Decisions to suspend or cancel Higher Education Courses are controlled by UHI. SUHI are required to complete a "Proposal to Pause or Withdraw Provision" form which is submitted to the Academic Partnership Council and is required to be agreed by Depute Principals and Faculty Leads. The form states that, for degree programmes, the decision to discontinue courses should be made by the last Wednesday in January - this is the last date of receipt of UCAS applications so the earlier a course is cancelled, the more time a student has to apply to another course. The decision to suspend or cancel a Further Education course is an internal one. The change is proposed by the relevant Head of Section and approved by the Senior Management Team.

The level of interest shown in courses and the conversion into applications is monitored at the UHI level Academic Planning Committee. On a monthly basis, the Vice Principal (Tertiary) receives an RSB report from UHI which shows the application and enrolment numbers and how this compares to previous years and other academic partners. SUHI's Full Time conversion rate was as follows:

- December 2022 - 72.4% (76 applications), the average conversion rate for academic partners was 68.14%
- January 2023 - 73.3% (75 applications), the average conversion rate for academic partners was 68.25%
- February 2023 - 73.3% (75 applications), the average conversion rate for academic partners was 69.99%

The Learning, Teaching and Research (LTR) Committee have responsibility for monitoring student recruitment, retention and achievement. They meet four times a year and receive report on student recruitment at each of their meetings reporting includes reference to the risks on the risk register which relate to student numbers. The Board of Management receives the same report as the LTR Committee through the Principal's Report which goes to each Board meeting. The monthly RSB Report received from UHI is reported into the Senior Management Group (SMG) and live information on recruitment is also available for Management to view on Metis.



## APPENDIX II: OBSERVATIONS

### 1. Discretionary Funding Applications

Discretionary Funding Applications are not currently online; the Funding team noted that they have been considering moving to an online application but are conscious that there would be complications from the application needing to link into SITS and that an online application may be a barrier to some students.

### 2. Bursary Funding Administration

Bursary funding is currently administered by Shetland Islands Council rather than by the College. The extra steps involved by having a third party administering the bursary funding could be a barrier for students and also has GDPR implications for the College. If the College were to decide to take bursary administration in house, there would be an additional resourcing requirement of the College.



## APPENDIX III: DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>SUBSTANTIAL</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>MODERATE</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>LIMITED</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>NO</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
<b>HIGH</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>MEDIUM</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>LOW</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.
<b>ADVISORY</b>	A weakness that does not have a risk impact or consequence but has been raised to highlight areas of inefficiencies or potential best practice improvements.



## APPENDIX IV: TERMS OF REFERENCE

### EXTRACT FROM TERMS OF REFERENCE

#### PURPOSE

The purpose of this review is to provide assurance over the design and operational effectiveness of the key controls in risk management in the following areas:

- Information for students
- Attracting students
- Course Viability
- Accurate Information
- Embedded process
- Monitoring and reporting

#### KEY RISKS

1. The College may not provide accurate and up to date information to students about courses, student finance and the application process.
2. The College may not be able to attract students in sufficient numbers for each course.
3. The College may be delivering courses that are not financially viable to be run.
4. The College may be failing to provide consistently accurate information on courses, student finance and the application process on a timely basis.
5. The student recruitment process may not be embedded consistently throughout the college.
6. The College may not be monitoring and reporting on student numbers appropriately.

#### EXCLUSIONS/LIMITATIONS OF SCOPE

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

Our work is inherently limited by sample testing and therefore will not provide assurance over all student recruitment processes within the College. We are reliant on the honest representation by staff and timely provision of information as part of this review.



## APPENDIX V: STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

LAURA BURDEN	DEPUTY PRINCIPAL (TERTIARY)	KEY SPONSOR
MICHELE KERRY	GUIDANCE CO-ORDINATOR	
SELINA-MAY MILLER	STUDENT ENGAGEMENT OFFICER	
ALISON GUTHRIE	SHORT COURSE MANAGER	



## APPENDIX VI: LIMITATIONS AND RESPONSIBILITIES

### MANAGEMENT RESPONSIBILITIES

The Audit Committee is responsible for determining the scope of internal audit work, and for deciding the action to be taken on the outcome of our findings from our work.

The Committee is responsible for ensuring the internal audit function has:

- The support of the management team.
- Direct access and freedom to report to senior management, including the Chair of the Audit Committee.

The Board is responsible for the establishment and proper operation of a system of internal control, including proper accounting records and other management information suitable for running the Company.

Internal controls covers the whole system of controls, financial and otherwise, established by the Board in order to carry on the business of the Company in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records. The individual components of an internal control system are known as 'controls' or 'internal controls'.

The Board is responsible for risk management in the organisation, and for deciding the action to be taken on the outcome of any findings from our work. The identification of risks and the strategies put in place to deal with identified risks remain the sole responsibility of the Board.

### LIMITATIONS

The scope of the review is limited to the areas documented under Appendix IV - Terms of reference. All other areas are considered outside of the scope of this review.

Our work is inherently limited by the honest representation of those interviewed as part of colleagues interviewed as part of the review. Our work and conclusion is subject to sampling risk, which means that our work may not be representative of the full population.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that: the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or the degree of compliance with policies and procedures may deteriorate.

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