



## Internal Audit

### Audit Report

#### UHI Shetland Credits – Academic Year 2022/2023

Draft issue date: 13/11/2023

Final issue date: 20/11/2023

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## Audit Opinion

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

**Reasonable**

**Some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.**

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

## Executive Summary

This audit reviews UHI Shetland's 2022 to 2023 student activity data return to give 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 require some improvements.

The assistance provided by staff members contacted during this audit is gratefully acknowledged.

## Background

Colleges are required to provide a Further Educational 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.

UHI Shetland was established on 1 August 2021 through the merger of the North Atlantic Fisheries College Marine Centre UHI, Shetland College UHI and Train Shetland. Academic Year 2021-22 was the first audited FES return completed by UHI Shetland (the College). As a result of the merger of the entities, it was necessary to merge the systems each was using for student activity tracking. This has been described as a "challenging operation".

There have also been a number of staff changes in the team handling registrations. The post of Head of Registry has been vacant since June 2023. At present, the responsibilities of that role are split between the Deputy Principal (Tertiary) and Vice Principal (Operations), which are, independently, full-time posts.

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 expressed in credits. A credit is equivalent to 40 hours of learning.

Unaudited 2022/23 student activity data was uploaded to SFC after each quarter: 4 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 and was submitted on 3 November 2023 with acceptance of the 2022-23 FES filed on 8 November 2023. This return showed 4,698 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 III to this report.

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

## Audit Scope

A review of UHI Shetland's 2022 to 2023 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 the reviewing and recording of the systems and procedures in place, followed by detailed testing to assess the working of the systems and procedures.

Annex 1 is an analytical review of the credits claimed for each Price Group (PG) for 2022/23. The College was unable to provide us with a copy of the 2021-22 return and as a result, comparative analysis has been restricted to headcount figures.

## 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 UHI Shetland and the SFC.

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 a 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 require some improvements.*

An error report is included in Annex II which details 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 Testing and Findings

The guidance notes issued from the SFC for both the audit and the administrative arrangements around the submission of the return were obtained and reviewed to ensure that the audit included the required tests, and to be able to provide an opinion as to whether the required processes were being followed for the data returns by College staff.

The system in place for maintaining student records and for the completion of the 2022/23 student activity return were documented and tested.

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 (excluding enrolment and attendance testing) was 443 which was 9.4 % of the total credits claimed.

1. For enrolment and attendance testing, the sample of 16 courses was chosen, covering both full time and part time courses. As a result the sample included short courses and Zero credits which resulted in a comparatively low percentage of total credits being examined (440 from 4698, 9.4%). On this sample, the following tests were undertaken to check that:
  - There are signed enrolment forms for each student and the date of enrolment agrees to the FES return;
  - Course start and end dates are agreed from the enrolment form to the FES return;
  - Required dates have been calculated accurately;
  - Students have attended once after the required date;
  - Modes of attendance and price groups have been correctly applied;
  - Student category and source of funding codes have been correctly recorded;
  - Only fundable students on fundable courses have been included within the claim;
  - The credits have been calculated correctly.

2. The following matters arose from the enrolment and attendance testing:

- It appears that the specific mode of attendance in respect of individual courses is not being made clear when the student applies, resulting in a difference between the MOA information from the source enrolment form and the FES return.
- A significant number of students appear to be completing the source of funding on their enrolment forms incorrectly.
- Two students of the sample selected had been incorrectly identified as fundable and accordingly 1.2 credits had been overclaimed.

**Recommendation 1**

- Enrolment and attendance sampling also identified a number of errors in entering the course dates within the FES return with resultant errors in the required date. However, within the sample selected these errors did not give rise to an impact on the Credits claimed.
- All courses were reviewed to identify whether the required date was calculated correctly. We found 15 courses, (affecting 74 students) where the required date had been input incorrectly to the FES form. There were four instances where the student had withdrawn, and in one instance the credit had been claimed incorrectly (See below). No further credit adjustments were required.

**Recommendation 2**

3. All courses identified as having the potential to run over more than one academic year were identified. We reviewed a sample of 13 (28%) of students who with a current status (not completed) where credits had been claimed in the year. The sampling work undertaken identified that the status of the students is not always being correctly updated when they complete. For five of the students tested, they had completed and the credits claimed were correct. However for all of the engineering students within the sample and for one of the aquaculture students, they did not complete in the year and as a result, 64 credits were overclaimed.

**Recommendation 3**

4. One student was shown as withdrawing with credits claimed, implying that the withdrawal date was after the required date. However the register for the relevant course did not include this student. Accordingly, 18 credits had been overclaimed.

**Recommendation 4**

5. First aid courses across the board have been allocated price code PL (Health and Safety) rather than PV (First Aid), and have therefore been placed in an incorrect price group. Although this has no impact on the credits, it will impact on the funding claimed.

**Recommendation 5**

6. A sample of 5 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. This sample represented 100% of the total number of ICDL students where credits were claimed.
7. The College confirmed that the initial student activity data had been prepared whilst they were still waiting for the results of ICDL modules completed. It subsequently transpired that no modules had been completed. Accordingly, a credits reduction of 13.572 was applied.
8. A sample of 15 students for which zero credits were claimed (4.4% of the total) were reviewed to ensure they have been correctly treated as non-fundable. Late module marks received resulted in three students completing their studies and accordingly an adjustment to claim an additional 17.75 credits.
9. We identified one infill student, and confirmed that they were allocated to the correct program and appeared only once in the return.
10. Students were reviewed to identify duplicate entries, i.e., one individual with more than one Student ID. This test identified one duplicate entry, where records for the individual will be amalgamated. No adjustments to credits was required.
11. We reviewed all students (100%) where more than 16 credits were claimed. For students with credit claims totalling 16 to 18, we reviewed the additional courses to ensure that they were relevant to the main course, which was the case for all instances. For students with credit claims over 18 credits, the College confirmed that Personal Learning Support Plans had not been completed in line with the SFC guidance and accordingly 30.544 credits had been overclaimed.

#### **Recommendation 6**

12. A sample of 13 students showing fee waivers were reviewed from the pool of non-automatic fee waivers (6% of 213 in total) to ensure that the student was eligible for the relevant category of fee waiver. One student had been incorrectly categorised under this heading and this was corrected by the College. No further adjustments were required.
13. We tested a sample of 12 students on open learning courses to ensure that the College had procedures in place to agree the likely duration of study, set milestones and review progress for open learning students. Four of the students had been incorrectly coded as open learning. For a further five students, on a course delivered as e-learning, the structure of the course allows access to materials for a given period and for an assessment to be taken but does not require it, accordingly there is no oversight of student progress and limited oversight of course completion. The relevant e-learning course is showing as zero credits, so there is no resulting credit adjustment required. Evidence of milestones and progressions reviews were provided for the remaining three students.
14. Ten students (100%) who received funding from the Engineering Construction Industry Training Board (ECITB) were reviewed to determine whether eligible activity was being undertaken and recorded, and that they were eligible students. The students in receipt of this grant are all enrolled on an appropriate course and are eligible.
15. A sample of four students (18%) undertaking DPG18 / PG5 programme courses were reviewed to ensure that credits claimed were based on planned hours and students attended beyond the required date. This testing identified that credits had not been calculated in accordance with

the guidance relating to these programme courses. The courses were all allocated 1 credit on the FES form, but the relevant SFC guidance states “*Credit claims for these (SFC Price Group 5) programmes should always be calculated on the basis of the planned learning hours divided by 40*”.

16. As a result of this issue, the DPG 18/ PG5 testing sample was extended to 100%. This allowed the quantification of the total Credits underclaim in respect of planned hours = 34.2 credits.

#### **Recommendation 7**

17. We confirmed a sample of sixteen courses (3.5%) were correctly classified as full time or part time, and that the correct price group and super class group had been applied.

18. A sample of 3 students (9%) on a course with work based assessment was selected, and confirmation received that progress was monitored and that credits were appropriately claimed.

19. A sample of 8 students (12.3%) who had withdrawn in the year were reviewed to identify their withdrawal date and, where possible, the last date of attendance given by the course register. Our sampling identified examples of incorrect withdrawal dates being entered in the FES form, i.e. not matching the date given by the withdrawal forms, in addition to 3 examples of withdrawal dates differing between the last date of attendance and the withdrawal form, with differences of between four and ten weeks.

#### **Recommendation 8**

## **Conclusion**

Audit testing has confirmed that whilst the system in place for the production of the FES return is operating generally effectively, there were a number of areas where errors in claiming credits and in inputting information were identified. As a result, our opinion is that some improvements are required to enhance the effectiveness of the framework of governance, risk management and control.

# Recommendations

## Recommendation 1

### Priority

LOW

### Findings

SFC requires that the correct mode of attendance and source of finance be recorded for each student in the return. Our testing identified that over 60% of paper enrolment forms sampled included an incorrect mode of attendance, and 12% showed an incorrect source of finance.

Credits may only be claimed in respect of Scots domiciled or home fees students. Our test identified 2 students who did not fulfil this criteria, resulting in a credit overclaim.

There is a risk that student's eligibility, source of funding and mode of attendance is incorrectly recorded, and that credits may be overclaimed.

### Recommendation

We recommend that the College specifies the mode of attendance for each course and that enrolling students are told the appropriate mode of attendance for their selected course. In addition, we recommend that both enrolling students and staff assisting them are issued with guidance on sources of finance categories in accordance with SFC's credit guidance, and that enrolment forms are updated to reflect these.

We recommend that registry staff are reminded of the eligibility criteria for students when entering their permanent home location on SITS.

### Management Comment

**Accept: Training and procedures for Registry staff to reflect this (GM)**

## Recommendation 2

### Priority

LOW



## Findings

Credit Guidance outlines that the required date for programmes will be the day on which 25% of the total calendar dates between the course start and end dates have passed. Our testing identified 4 courses within the sample where incorrect course start and end dates had been input incorrectly, and 15 courses where the required date had been input incorrectly.

There is a risk that credits are claimed for students who have not reached their correct required date.

## Recommendation

We recommend that an annual review is done on a course by course basis to confirm the relevant start and end dates, and that required dates are calculated using SITS.

## **Management Comment**

**Accept: reviews will be implemented (GM)**

## **Recommendation 3**

### Priority

**MEDIUM**

### Findings

SFC guidance requires that credits are claimed where the course year is completed within the academic year. Our testing showed that credits had been claimed for non-completing students whose course continued into the 23-24 academic year. In total, this amounted to 64 credits.

There is a risk of the College overclaiming credits.

### Recommendation

Credits are claimed for students at a point where the course is completed within the academic year.

## **Management Comment**

**Accept: processes amended to reflect this and improved checks via progression boards (GM)**

## Recommendation 4

### Priority

LOW

### Findings

SFC guidance highlights the importance of attendance registers as evidence of attendance to support credit claims. Our testing identified one student where credits in respect of a full time course were claimed but who did not appear on the attendance register. Registers are not available for all courses, but where they are, they are not routinely returned to the course administration staff.

There is a risk that credits are incorrectly claimed.

### Recommendation

Where available, copies of attendance registers are returned to the course administration staff and an annual review is undertaken to agree the students undertaking each course to the attendance registers.

### Management comment

**Accept: checks to be undertaken (GM)**

## Recommendation 5

### Priority

LOW

### Findings

All First Aid courses have been allocated to the Health and Safety superclass which is Price Group 1 rather than the First Aid superclass which is Price Group 2. Although this has no impact on the number of credits claimed, the associated funding will vary.

There is a risk that the College may underclaim funding in respect of these courses.

### Recommendation

First Aid courses are reviewed to identify whether they would be appropriately included in the First Aid superclass.

## **Management Comment**

**Accept: Will review the FA courses and superclasses (GM)**

### **Recommendation 6**

#### Priority



#### Findings

The SFC guidance for AY 22-23 states that where individual students undertake additional learning beyond the 18 credit limit, colleges should complete a Personal Learning Support Plan (PLSP) that demonstrates the need for this additional learning. Our testing identified that no PLSPs had been completed for students with claims over 18 credits in the year, and accordingly approximately 32 credits had been overclaimed in total.

The SFC Guidance for AY 23-24 has changed to a requirement that colleges should not exceed an overall average of 17 credits for full time (FT) FE students.

There is a risk that the College may overclaim funding in relation to FT students.

#### Recommendation

Full-time students should be reviewed at the end of the academic year to ensure that max credits are not being exceeded.

## **Management Comment**

**Accept: reviews to be implemented (GM)**

### **Recommendation 7**

#### Priority



#### Findings

SFC guidance states that credit claims for SFC Price Group 5 (PG5) courses should always be calculated on the basis of planned learning hours divided by 40. However PG5 courses have been attributed a standard 40 hours / 1 credit in the FES return. Planned hours for all courses in this programme exceed 40 hours, with the result that 34.2 credits have been underclaimed.

There is a risk of the College underclaiming credits in respect of PG5 courses.

## Recommendation

Planned hours for PG5 courses in the FES return are checked to the planned hours as set out in supporting course materials including the attendance registers.

## **Management Comment**

**Accept: Will review and check (GM)**

## **Recommendation 8**

### Priority



### Findings

SFC guidance requires that students have participated after the required date. Determining whether this is the case or not is subject to an accurate determination of the withdrawal date. Our testing indicated both that withdrawal forms were being completed with dates several weeks after the last date of attendance, and that withdrawal dates are entered incorrectly into the SITS system.

There is a risk of the College overclaiming credits.

### Recommendation

Students who have withdrawn in the year are reviewed to ensure that the withdrawal date within SITS is the last date of attendance per the registers. Guidance is issued to tutors to highlight that the relevant date for the withdrawal form will be last date of attendance, rather than other dates such as the date of notification of intention to withdraw.

## **Management Comment**

**Accept: guidance and checks to be undertaken (GM)**

## Audit Opinion

Opinion	Definition
<b>Substantial</b>	The framework of governance, risk management and control were found to be comprehensive and effective.
<b>Reasonable</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.

## Recommendations

Priority	Definition	Action Required
<b>High</b>	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
<b>Medium</b>	Weakness in governance, risk management and control that if unresolved exposes the organisation to a significant level of residual risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
<b>Low</b>	Scope for improvement in governance, risk management and control.	Remedial action should be prioritised and undertaken within an agreed timescale.