

AUDIT & RISK COMMITTEE

NOTICE

There will be a meeting of the Audit & Risk Committee on Wednesday 29 November 2023 at 1130 hours through the use of Microsoft Teams (immediately following Joint A&R/F&R Meeting)

AGENDA

Agenda Item		Paper
17-23	Apologies for Absence	
18-23	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items	
19-23	Minute of Previous Meeting – 29 September 2023	x
20-23	Matters Arising from the Previous Meeting	x
	Matters for Discussion	
21-23	Strategic Risk Register	x
22-23	Internal Audit Report(s) <ul style="list-style-type: none"> Student Support Funds Audit of Annual Credit Activity 	x
23-23	Internal Auditors Annual Report (Henderson Loggie)	x
	Matters for Information	
24-23	Audit Certification of Support Funds Year-End Return	x
25-23	Audit Certification of Credit Activity Year-End Return	x
26-23	Any Other Business	
27-23	Summation of Actions and Date of Next Meeting The next meeting of the Audit & Risk Committee will be held on FRIDAY 23 February 2024 at 1000 hrs via Microsoft Teams.	

AUDIT & RISK COMMITTEE

MINUTE OF MEETING

DRAFT Minute of Meeting of the Audit & Risk Committee held on Friday 29 September 2023 at 1000 hours via Microsoft Teams.

Present:

Andy Rodden
Jim Gifford
Leona McDermid
Susan Elston
Dave Anderson
Iain Watt

In attendance:

Stuart Thompson, Vice Principal Finance & Resources
Susan Lawrance, Secretary to the Board
Karen Fraser, Minute Secretary
Anne MacDonald, Audit Scotland
David Archibald, Henderson Loggie

Agenda Item	
01-23	Apologies for Absence Apologies were received in advance of the meeting from B Hutcheson.
02-23	Declaration of any Potential Conflicts of Interest in relation to any Agenda Items L McDermid declared a potential conflict of interest by virtue of her position with Aberdeen Foyer.
03-23	Minute of Previous Meeting – 31 May 2022 The Minute was approved as a true and accurate record.
04-23	Matters Arising from the Previous Meeting Members noted the Matters Arising Report, with the one action point confirmed as completed. In response to a members' query, Henderson Loggie's D Archibald confirmed that updates on outstanding actions from the Internal Audit Reports will be secured by the auditors.
	Matters for Decision
05-23	Internal Audit Plan AY2023-24 Members noted Leadership Team and Executive Team have had an opportunity to discuss the proposed Internal Audit Plan. D Archibald presented the proposed audit schedule for the AY, demonstrating a varied mix of governance areas selected for scrutiny. The inclusion of ASET being in the scope was discussed, the conclusion reached being that it seems entirely appropriate to have an oversight of ASET operational activity and an awareness of any risk to the College. It was confirmed that governance of ASET was audited 2 years ago, but additional objectives pertaining to this can be added to this audit should this be a requirement of the Committee.

	<p>Having reflected upon the proposed schedule, members approved the draft proposal.</p> <p>Decision = Approved.</p>
06-23	<p>Internal Audit Reports</p> <p>Final General Ledger Audit Report</p> <p>Members considered the Satisfactory Report as presented. It was confirmed that the outstanding delegation limits, deadlines and a checklist are due to be incorporated into the Report by the end of October. D Archibald confirmed that a follow-up Report will be issued by the auditors as part of year-end reporting, in which status updates to any recommendations will be captured.</p> <p>Final NESCol Cash Bank Report</p> <p>Members considered the Good Report as presented. Regarding the area for improvement pertaining to a cash investment decision, the need for transparency was recognised and the follow-up recommendation in hand.</p>
07-23	<p>External Audit Plan AY2022-23</p> <p>Following the introduction of the appointed auditors' representative Anne MacDonald to the Committee, the proposed audit plan - prepared by Audit Scotland and agreed with NESCol's Financial Controller – was put forward for consideration. The areas for investigation, the associated timelines and the auditors' fee were highlighted. In response to a members' query, the target dates for action were clarified as being achievable. It was also confirmed that the annual accounts audit will be reported on at the 29/11/23 Committee meeting.</p> <p>Decision = Approved.</p>
08-23	<p>Committee Terms of Reference AY2023-24</p> <p>Members considered the Committee's Terms of Reference as presented and were content to agree their adoption.</p> <p>Decision = Approved.</p>
09-23	<p>Programme of Business AY2023-24</p> <p>After consideration of the Programme as presented and acknowledging the addition of a fourth meeting, the content was agreed to as proposed, with the proviso that flexibility in terms of meeting scheduling and meeting agendas is allowed for. The adjustment from September to November inclusions of two agenda items were clarified.</p> <p>Decision = Approved.</p>
10-23	<p>Draft Strategic Risk Register</p>

	Matters for Discussion
11-23	Draft Annual Report of the Audit and Risk Committee to the Regional Board The Reports' content was noted by members and amendment proposals were invited in order to correct the draft prior to its finalisation. S Thompson confirmed that the auditors' opinion and any subsequent recommendations are yet to be inserted. Canvassing the opinions of members on the format, tone and level of detail depicted within the Report, all were in agreement with its' presentation. J Kirkwood and the Finance Team were thanked for the associated work undertaken.
12-23	Committee Evaluation Feedback Members were invited to discuss the feedback submitted anonymously via an online questionnaire and were thanked for their contributions. J Gifford expressed his desire to maintain a Committee which co-shares its' responsibilities.
	I Watt left the meeting at 11:29am
	Matters for Information
13-23	National Fraud Initiative Update on 2022/23 exercise Members noted the update provided and relating to the 133 outputs from NESCol's participation. It was confirmed that no cases of fraud were uncovered.
14-23	Data Protection Report for AY2022/23 Findings of the AY2022/23 Report were summarised and members noted the information provided. The existence of the report provides assurance to internal auditors.
15-23	Any Other Business No items were raised.
16-23	Summation of Actions and Date of Next Meeting A summation of the identified actions was provided by the Board Secretary. The date of the next meeting of the Audit and Risk Committee was confirmed as 29/11/23 - a joint meeting with the Finance and Resources Committee.
	Meeting ended at 11:41am

Agenda Item	Actions from Audit & Risk Committee 29.09.23	Responsibility	Deadline
10-23	Strategic Risk Register:		
10-23	Strategic Risk Register:		

AUDIT & RISK COMMITTEE

An update on matters arising from the meeting of the Audit & Risk Committee held on 29 September 2023

Agenda Item	Action
10-23	Strategic Risk Register:
	Status:
	Strategic Risk Register:
	Status:

North East Scotland College

2022/23 Student Support Funds

Internal Audit report No: 2023/12

Draft issued: 24 November 2023

Final issued: 27 November 2023



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Management Summary

Introduction

Colleges receive **Discretionary Funds** from the Scottish Funding Council (SFC) and the Student Awards Agency for Scotland (SAAS) to provide financial help for students where access to, or continuance in, further or higher education would otherwise be denied due to financial hardship. The maximum payable from the Further Education Discretionary Fund is normally £4,000 however this cap was removed again for 2022/23 to allow additional support to be given to students financially impacted by COVID-19 and the current cost of living pressures. The £4,000 cap for the Higher Education Discretionary Fund was re-instated for 2022/23.

Childcare Funds sit alongside the Discretionary Funds to provide assistance with the cost of formal childcare expenses. From academic year 2011/12, childcare funds for higher education students formerly allocated to colleges by SAAS, were transferred to the SFC who now allocates childcare funding direct to colleges for all eligible further and higher education students. No limit is placed on the amounts individuals can access and colleges have the flexibility to determine award levels themselves. Priority must however be given to certain groups, including lone parents and mature students, when allocating funds from the Further and Higher Education Childcare Funds.

The Discretionary and Childcare Funds must be administered, and payments made, in accordance with SFC and SAAS guidelines.

Bursary funds are given to students at the discretion of a college to help maintain that student in their education beyond their compulsory school leaving date. An award can include allowances that cover a student's maintenance, travel and study costs. Colleges can also use bursary funds for allowances to cover costs incurred by a student living in college-approved accommodation, or due to having dependants and / or special education needs.

Colleges must apply the terms of the National Policy for Further Education Bursaries, together with applicable legislation and supplementary letters issued by the SFC, when using the funds allocated to them for bursary purposes. The policy sets out the minimum criteria, maximum rates and minimum contribution scales that a college must apply in allocating bursary funds. In recognising that the bursary fund is cash-limited, colleges may have to exercise discretion to target support to meet local priorities and the needs of their students. SFC expects colleges to award students their full calculated bursary award. Where a college chooses to supplement bursary funds from its own resources it may use the additional resources as it sees fit.

Education Maintenance Allowances (EMAs) provide financial support for 16 to 19 year-olds from low income households who are attending non-advanced full-time education at school, college or are home educated. Eligible students receive £30 per week, which is targeted at young people from the lowest income families.

EMAs must be administered, and payments made, in accordance with SFC and Scottish Government guidelines.

Audit Scope

For the 2022/23 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary and Childcare Fund; and
- Education Maintenance Allowance Return.



Audit Objectives

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2023, is in agreement with underlying records.

Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government, including additional guidance issued in response to the COVID-19 pandemic, and identifying internal procedures;
- Agreeing income to amounts awarded;
- Reconciling expenditure through the financial ledger to returns, investigating reconciling items;
- Reviewing College analysis spreadsheets for large or unusual items, obtaining explanations where necessary; and
- Carrying out detailed audit testing, on a sample basis, on expenditure from the funds.

Audit guidance issued by the SFC was utilised.

Action Plan

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Findings and Conclusions

We were able to certify the Higher Education Discretionary and Childcare Fund for the year and submit this to SAAS, without reservation. In our covering letter to SAAS we made one observation. The College does not operate a separate interest-bearing bank account for the Higher Education Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure is processed through the main College bank accounts, although this is fully reconcilable. The College utilises the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

Findings and Conclusions (Continued)

In our covering letter to the SFC enclosing the audited EMA Return we made one reservation arising from our audit work. Maintenance payments made by the College during 2022/23 totalled £263,250 against £264,090 claimed on the monthly EMA returns. As agreed with the SFC the overclaim of £840 has been recovered by offset against an administration claim of £480 made on the July 2023 return with the balance deducted from the September 2023 maintenance claim. As noted in our covering letter last year, the maintenance adjustment of £120 made in October 2022 for a 2021/22 underclaim should only have been £30.

Recommendation

R1 Ensure that the monthly EMA claims are fully reconciled to expenditure in the financial ledger.

We were able to certify the Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return for the year and submit this to SFC, without reservation. In our covering letter to the SFC we made the following observations arising from our audit work.

Included in the final FES under Further Education Discretionary Fund expenditure are payments of £500 each to two international students. It was established that these payments had been made from the SAAS International Students' Emergency Fund and the £1,000 total had been incorrectly classified in the financial ledger and on the FES. The students were not eligible for funding from the Further Education Discretionary Fund.

For students with children using the College Nursery in Fraserburgh and who had applied for Childcare funding, the College makes a recharge to the Childcare Fund based on the total invoiced cost from the Nursery service provider plus a share of relevant College estates and equipment costs, apportioned to the Nursery based on area (sq. m). The College has identified 15 funded children using the College Nursery during 2022/23 and a recharge has been made to the Childcare Fund of £15,033 each. Our sample testing of students in receipt of Childcare funding included seven students with children using the College Nursery. We noted that one of these students last attended their course on 17 February 2023 (as per their FES end date), although they had not been fully withdrawn until 29 May 2023, which represented a significant delay in withdrawing the student and resulted in a full year's recharge of £15,033 being made to the Childcare Fund. Based on the student's actual attendance for 5.5 months, the recharge would only have been £8,268. A second student in our sample was only entitled to 20% of Childcare costs under College policy due to their level of income. A full recharge of £15,033 had also been made to the Childcare Fund for this student rather than £3,007 (20%) per College policy. We understand that the student contributed £2,368 by deduction made from their Bursary award.

Recommendations

R2 Review the student withdrawal procedures to ensure that there is not an unreasonable delay in withdrawing students after their last date of attendance / participation and notifying Student Funding.

R3 Ensure that the College Nursery recharge calculation takes into account student withdrawals and any student contributions to be made under College policy.

In addition, the following points were noted during the course of our audit:

College Nursery

We were advised that 30 children have places at the Nursery and we discussed with College management whether it was appropriate for the full recharge to be allocated to the Childcare Fund for the 15 children noted above. Management noted that the monthly invoices from the external service provider to the College are adjusted to reflect the use of non-College and non-Childcare funded places at the Nursery (local authority placements). We confirmed from a review of the invoices that deductions had been made during the year from the full standard monthly charge of approximately £21k. We received confirmation from College management that no other children used the College Nursery, other than the 15 Childcare funded places, and those places used by the local authority.

Findings and Conclusions (Continued)

On the basis of our review and consideration of evidence provided we have accepted the College's methodology for the College Nursery recharge however we do raise a value for money point for consideration going forward.

In recent years the number of Childcare funded places and recharge per child has been as follows:

Year	Number of Children	Recharge per Child
2018/19	39	£6,099
2019/20	29	£8,922
2020/21	22	£10,668
2021/22	18	£13,888
2022/23	15	£15,033

The above analysis shows a decreasing number of students / children using the College Nursery and a significant increase in the recharge per head. The above figures are based on reserving a full-time place in the College Nursery for the funded students however the amount included on the students' award letters based on their actual timetable is much lower (average £4,440 per child for 2022/23 = 3 days per week x 37 weeks x £40 per day).

Recommendation

R4 The College should consider whether the current use of the Childcare funds continues to represent value for money.

Bursary Study Expenses

For 2022/23, the College's claim for Bursary study expenses included internal costs incurred by the College for the printing of essential texts £81,065 (approx. £31 per student).

We noted as an observation in 2018/19 that no detailed breakdown between staff costs, use of equipment, materials etc. was available to support the level of print costs charged, and in 2019/20 the College provided us with a calculation based on an analysis of the photocopy page count by Teaching and Other codes, with photocopy charges apportioned between Teaching and Non-Teaching. In 2020/21 the methodology was updated to apportion costs between Bursary and non-Bursary students however still assumed that all copying charged to the Teaching codes was for study materials (essential texts), where some of these charges may potentially have related to core teaching materials that should be covered by the core grant. For 2021/22 and 2022/23 the calculation of print costs has been made on a similar basis to 2020/21 and therefore our previous recommendation has still not been fully implemented (see **R1** in Appendix IV), namely that the College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials, which should be covered by the core grant funding, are excluded. Similar to last year, any potential error was not material in the context of total Bursary expenditure of approximately £6.4 million for 2022/23 and accordingly we did not include an observation in our covering letter to the SFC.

Workings provided for 2022/23 showed that the calculation of the amount to be charged to Bursary (£81,065) was based on a total student population of 6,540 and Bursary student numbers of 2,756. This gave a cost per student of £29.41 compared with £31 charged in the Bursary return. The reason for the difference is that the £81,065 Bursary total has been split between only 2,622 Bursary students on the final FES return. Unless the total student population was incorrect then the cost per head should have remained at £29.41 and there is an overclaim of £4,169 on the Bursary return.

Recommendation

R5 Ensure that student numbers are applied consistently between the Bursary study expenses (essential texts) workings and the claim on the final FES return.

Copies of the fund statements and audit certificates are provided at appendices I to III of this report.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit.

Action Plan

Page Ref.	Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
3	EMA Return R1 Ensure that the monthly EMA claims are fully reconciled to expenditure in the financial ledger.	3	Accepted.	Yes	Director of Student Access & Information	Monthly, commencing Nov return
3	Childcare Return – College Nursery R2 Review the student withdrawal procedures to ensure that there is not an unreasonable delay in withdrawing students after their last date of attendance / participation and notifying Student Funding.	3	Actions relating to withdrawing students who have ceased engagement have been tightened up, but greater focus and further work is required.	Yes	Director of Student Access & Information, Associate Vice Principals, Director of Business Development	31 July 2024
3	R3 Ensure that the College Nursery recharge calculation takes into account student withdrawals and any student contributions to be made under College policy.	2	Accepted	Yes	Director of Student Access & Information	31 July 2024



2022/23 Student Support Funds

Page Ref.	Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
3 & 4	R4 The College should consider whether the current use of the Childcare funds continues to represent value for money.	2	A review of the use of the on-site nursery will be undertaken, to shape how Childcare funds are used in 2023-24.	Yes	Vice Principal – Finance and Resource	31 March 2024
4	Bursary Study Expenses R5 Ensure that student numbers are applied consistently between the Bursary study expenses (essential texts) workings and the claim on the final FES return.	3	Accepted	Yes	Director of Student Access & Information, Financial Controllers	31 July 2024

Appendix I – Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate

**Appendix II – Higher Education Discretionary and Childcare Fund Return
and Audit Certificate**

Appendix III – Education Maintenance Allowance Return and Audit Certificate

Appendix IV – Updated Action Plan – Student Support Funds 2019/20

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at November 2023
Bursary Fund R1 The College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials that should be covered by the core grant and any costs relating to non-Bursary students are excluded.	2	Accepted	Yes	Muir Wilson, Financial Controller (External Affairs)	Mid-August 2021	November 2021 As noted on page 3 of this report, for 2020/21 the methodology used included apportionment of costs between Bursary and non-Bursary students, however the College has again assumed that all copying charged to the Teaching codes was for study materials (essential texts). Any books and newspapers that are not essential to the course e.g. additional reading materials would also not be eligible to be funded through the study expense allowance.	For 2022/23 the calculation of internal costs incurred by the College for the printing of essential texts was made on the same basis as 2020/21. Management advised that this will be reviewed during 2023/24. Partially Implemented Revised implementation date: 31 July 2024

2022/23 Student Support Funds

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at November 2023
R1 (continued)						<p>November 2022 For 2021/22 the calculation of internal costs incurred by the College for the printing of essential texts was made on the same basis as 2020/21.</p> <p><i>Partially Implemented</i></p> <p>Revised implementation date: 31 August 2023</p>	

Appendix V – Updated Action Plan – Student Support Funds 2018/19

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at November 2023
EMA R3 The College should ensure that sample testing covers both accepted and rejected applications.	3	Accepted.	Y	Katy Gilbert, Student Admissions & Funding Manager	Mid-August 2020	October 2020 EMA spot-checks undertaken during 2019/20 again covered accepted applications and payments only and did not include applications that were rejected. November 2021 EMA spot-checks undertaken during 2020/21 again covered accepted applications and payments only and did not include applications that were rejected.	EMA spot-checks for 2022/23 included rejected applications and procedures are in place to ensure rejected applications are included in the check. Fully Implemented

2022/23 Student Support Funds

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress Previously Reported	Progress at November 2023
R3 (continued)						<p>November 2022 EMA spot-checks undertaken during 2021/22 again covered accepted applications only and did not include applications that were rejected.</p> <p><i>Little or No Progress Made</i></p> <p>Revised implementation date: 31 August 2023</p>	

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North East Scotland College

2022/23 Student Activity Data

Internal Audit report No: 2023/11

Draft issued: 7 November 2023

Final issued: 17 November 2023



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Management Summary

Introduction

The Guidance Notes issued by the Scottish Funding Council (SFC) on 30 August 2023, '*FES Return and Audit Guidance 2022-23*' requested submission by North East Scotland College ('the College') of the FES return for session 2022/23, which includes the Credits data relating to College activity for the academic year 2022/23.

Guidance on completion of the 2022/23 return was issued by the SFC on 31 May 2022.

The Credits Audit Guidance requests that colleges obtain from their auditors their independent opinion on the accuracy of the FES return.

Scope of the Audit

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the key risk areas identified at Annex C to Credits Audit Guidance.

Audit Staffing

An Audit Director with 30 years' experience in the further and higher education sectors had overall responsibility for the planning, control and conduct of the audit and supervised and reviewed work performed by a Senior Auditor and Auditor with five and one-years' experience in the sector respectively. A Senior Manager with 18 years' experience in the sector was also involved at the planning, review and reporting stage.

The quality of audit work undertaken by the firm is enhanced through continuous review of procedures and the implementation of individual training programmes designed to address the needs of each team member.

The total number of audit days was 11½, split 1 day for the Audit Director, ½ day for the Senior Manager, 5 days for the Senior Auditor and 5 days for the Auditor.

Audit Findings

The points that we would like to bring to your attention have been grouped together under the following headings to aid your consideration of them:

- Introduction
- Systems and Procedures for Compilation of Returns
- Analytical Review

Audit Findings (continued)

The action that we consider necessary on each issue is highlighted in the text for clarity and an action plan for implementation of these recommendations can be found in section 2.

To aid the use of the action plan, our recommendations have been graded to denote the level of importance that should be given to each one. These gradings are as follows:

Priority 1	Issue subjecting the College to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the College to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the College to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Conclusion

Our report was submitted to the SFC on 31 October 2023. We reported that, 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 misstatements.

A copy of our Audit Certificate is included at Appendix I to this report.

Acknowledgments

We would like to take this opportunity to thank the staff at the College who helped us during our audit review.

Action Plan

Para Ref.	Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
2.2.2	Systems and Procedures for Compilation of Returns Fundable Activity R1 As part of in-year data integrity checks, ensure that Credits are appropriately claimed for courses with Source of Finance codes marked as other than 9: Scottish Funding Council. Ensure that the SoF code and Credits claimed accurately reflects the type of activity delivered in the year.	3	This recommendation relates to one isolated course offering which meant that 2 credits were generated incorrectly. The coding was changed by the College when this was discovered after the auditors had received our original files. We will ensure that these checks are completed prior to files being passed to auditor in future.	Yes	Director of Student Access & Information	7 August 2024
	Classification of Programmes R2 As part of in-year data integrity checks, ensure that programmes are correctly classified as FE or HE in line with the SFC guidance.					
2.3.2 & 2.3.3						



Main Report

1. Introduction

1.1 SFC Guidance

1.1.1 The Credits Audit Guidance issued by the Scottish Funding Council (SFC) on 30 August 2023 sets out, at Annex C, the key risk areas in relation to the preparation of the FES return. These are:

- allocation of Credit values to students where Credits exceed full-time levels;
- incorrect Credit value is claimed for collaborative provision;
- claims for fee waivers and students with multiple enrolments;
- spanning courses;
- identification of non-fundable activity, both courses and students, including capturing of eligible enrolments and identification and recording of student withdrawals;
- recording of progress for students on open / distance learning programmes;
- identification and counting of infill students; and
- claims for non-accredited work experience / placement.

1.1.2 For academic year 2022/23 we established that there had been no significant changes to the systems and procedures used in the compilation of the returns. We then carried out detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily. Detailed analytical review was carried out, including a comparison with last year's data, and obtaining explanations for significant variations by Price Group.

1.1.3 As requested by the Credits Audit Guidance this report indicates: the scope of the audit; the approach taken; an indication of analytical review work performed; the extent of checking undertaken; review of prior year recommendations; and the main findings from our audit work. As requested by the guidance, the report also includes a summary of adjusted and unadjusted errors found during the course of the audit.

2. Systems and Procedures for Compilation of Returns

2.1 Introduction

- 2.1.1 Detailed testing at the year-end Credits audit included two main tests on courses and individual students.
- 2.1.2 The following tests were carried out for a sample of 16 courses selected from the UNIT-e system:
- a) Ensured that the course met the criteria for fundable activity set out in the Credits guidance.
 - b) Where applicable, ensured that the course met the definition of further or higher education set out in the Credits guidance.
 - c) Ensured that courses recorded as full-time met the definition for full-time as set out in the Credits guidance.
 - d) Checked the student total for a programme against course / class lists or course / class register. Checked calculation of the required date and ensured that students who had withdrawn prior to this date had been excluded from the Credits count; and
 - e) Checked allocation of Credits to courses is in accordance with the Credits guidance and, where Credits were claimed beyond full time levels, that the claims could be appropriately justified by the College.
- 2.1.3 For a total of 71 students selected from the above courses the following tests were carried out, where applicable:
- a) Ensured that the student met the criteria for fundable activity set out in the Credits guidance.
 - b) Checked back to signed enrolment forms, or electronic equivalent, for the 2022/23 academic year.
 - c) For infill courses, ensured that Credits were allocated according to the modules attended by individual students rather than by the default value for the courses being infilled.
 - d) Checked to student attendance / engagement records and, for withdrawals (including a sample of 15 full-time students who withdrew within two weeks after the Credits qualifying date), checked that the withdrawal date noted on the system was the last date of physical attendance;
 - e) For students following courses of open / distance learning vouched to study plan etc. and ensured that required criteria was met; and
 - f) For students undertaking non-accredited work experience / placement ensured that the Credits value had been calculated in line with the Credits guidance.
- 2.1.4 The following tests were carried out by reviewing records for all College courses:
- a) Confirmed that there were no claims for more than one full-time enrolment per student for 2022/23, other than students enrolled on programmes specifically designed to meet employer / industry needs that have been discussed with the SFC, and ensured that Credits had not been claimed in respect of courses that were related in respect of subject area, unless progression could be clearly established;
 - b) Confirmed that there were no claims for overseas students and students enrolled on full cost recovery commercial courses; and
 - c) Confirmed that Credits for spanning courses were claimed in the correct year.
- 2.1.5 We reviewed the systems for recording fee waiver entitlement and carried out an analytical review to ensure the accuracy of the fee waiver element of the FES return. For a random sample of 15 part-time students, we confirmed that College staff had verified the entitlement to benefit.

2. Systems and Procedures for Compilation of Returns (continued)

2.1 Introduction (continued)

- 2.1.6 Collaborative activity undertaken by the College during 2022/23 included an agreement with local partners, including the University of Aberdeen, local authorities, and Skills Development Scotland, to create a Project SEARCH transition programme to provide preparation for employment to young people with disabilities through a mix of education and work experience internships. Collaboration agreements are also in place in relation to Prince's Trust programmes delivered in direct partnership with the Prince's Trust and with Aberdeen Foyer, a local charity. All agreements have been reviewed by us and it was confirmed that the programmes meet the requirements for eligibility for funding set out in the Credits guidance.
- 2.1.7 Before signing our audit certificate, we reviewed the final FES online report and the explanations for remaining errors.
- 2.1.8 From our review and testing of the systems and procedures used in the compilation of the returns, we concluded that overall, they were adequate to minimise risk in the areas identified in Annex C of the Credits Audit Guidance and were working satisfactorily as described to us.
- 2.1.9 The remainder of this section discusses issues identified during our review of the 2022/23 student activity data.

2.2 Fundable Activity

- 2.2.1 Programmes of learning which are fully funded from non-SFC sources are not eligible for funding. For example, where students or a sponsor (such as their employer or collaborative partner or another public body) have paid for the full cost of their programme of study, the students are regarded as non-fundable and credits should not be claimed, regardless of whether the College or the employer / collaborative partner received the fee.
- 2.2.2 We reviewed the FES1 data to identify any courses that recorded with a Source of Finance (SoF) other than 9: Scottish Funding Council (SFC) and where Credits were being claimed. We identified one course, Ship Handling, with SoF 4 (Cost recovery: Other, including Employers in UK Industry / Commerce (i.e. includes PICKUP type programmes) where Credits were being claimed. Following discussion with the College it was agreed that the course should have been coded SoF 10 (Other Full Cost Recovery), and therefore not eligible for Credits, resulting in 2.4 Credits being removed from the final FES.

Recommendation

R1 As part of in-year data integrity checks, ensure that Credits are appropriately claimed for courses with Source of Finance codes marked as other than 9: Scottish Funding Council. Ensure that the SoF code and Credits claimed accurately reflects the type of activity delivered in the year.

2. Systems and Procedures for Compilation of Returns (continued)

2.3 Classification of Programmes

- 2.3.1 Per the 2022/23 Credits guidance, a Further Education (FE) course is one that is of SCQF 6 or under, with the exception of SVQ courses with a qualification aim of Code 28. A Higher Education (HE) course is one that is of SCQF 7 or higher.
- 2.3.2 From review of the FES1 data we identified 22 FE courses that were classified as SCQF 7. We confirmed that 20 of these related to SVQ courses which were all qualification aim Code 28 and were correctly classified as FE as per the SFC guidance. The remaining two courses, ASET Rules and Regulations for Offshore Installation Manager and Phase 5 Deck Officer Cadets Course, were non-SVQ courses and therefore should have been classified as HE programmes. Both programmes were re-classified as advanced at the time of the audit.
- 2.3.3 We also identified one HE course that was recorded as SCQF level 6, Introductory Physics Course (SSERC), and therefore did not meet the SFC definition of an advanced course. Following discussion with the College, the course was re-classified as HE at the time of the audit.

Recommendation

R2 As part of in-year data integrity checks, ensure that programmes are correctly classified as FE or HE in line with the SFC guidance.

2.4 Required Dates

- 2.4.1 Similar to previous years, for 2022/23, the Credits guidance noted that the 'required date' for programmes, other than full-time programmes starting at the summer term, should be calculated as the day on which 25% of the total calendar days between the course start and end have passed.
- 2.4.2 Included within our sample of 16 courses tested were seven courses classed as other than full-time, which were not flexible / distance learning courses, and therefore required attendance at the College. For six of these courses we noted that the required date stated in the UNIT-e system had not been calculated in line with the Credits guidance. As noted in previous years, the College uses the total calendar days for which the course is timetabled in its calculation of the required date and therefore excludes weekends and holidays. The effect of the recalculation in dates was not significant in terms of days in all six instances, and there were no student withdrawals during the period of the difference and therefore no impact on the Credits claimed. We understand that the College's approach has been agreed with the SFC in previous years.

2.5 Claims for More Than One Full-Time Enrolment

- 2.5.1 The final FES error report shows 38 students where more than one full-time enrolment has been claimed for 2022/23. These students were enrolled in programmes specifically designed to meet employer / industry needs which have been running for a number of years. One of the main programmes concerned is the Shell Engineering Scheme (23 students) where students undertake SVQ Performing Engineering Operations Level 2 Electrical and NC Engineering Systems (SCQF Level 6) in year 1, and HNC Mechanical Engineering and OPITO Workshop Skills and HNC Electrical Engineering and CMI Course in Year 2. The other is the Vestas Wind Technician Training programme (eight students) where students undertake SVQ Performing Engineering Operations Level 2 (Electrical / Mechanical) and the first year of HND Electrical Engineering in year 1, and complete HND along with additional College designed units in year 2. The College provided correspondence with the SFC from September 2022 giving details of these programmes and we were advised that no concerns were raised by the SFC.

2. Systems and Procedures for Compilation of Returns (continued)

2.5 Claims for More Than One Full-Time Enrolment (continued)

- 2.5.2 The other seven students were on a similar two-year Wind Turbine Technician Pathway programme, where the students had undertaken ECITB NC Engineering Systems (SCQF Level 6) and ECITB Wind Turbine Technician Skills (SCQF Level 6).

3. Analytical Review

- 3.1 The analytical review by Price Group for the current year, included at Appendix II of this report, showed significant variances in Price Groups 1, 2 and 5. These were discussed with College management. The explanations we received provided us with additional assurance that the Credits claim does not contain material errors:

- Price Group 1 – decrease of 1,601 Credits mainly due to reduced demand for Skills Network open learning courses;
- Price Group 2 – decrease of 1,639 Credits mainly due to reduced demand for Skills Network open learning courses; and
- Price Group 5 – increase of 793 Credits due to increase in demand and provision as Covid restrictions eased and full return to on-campus learning.

Appendix I – Copy of Audit Certificate

North East Scotland College
Gallowgate
Aberdeen
AB25 1BN

31 October 2023

Dear Sir or Madam

Auditor's Report to the Members of the Board of Management of North East Scotland College

We have audited the FES return which has been prepared by North East Scotland College under SFC's Credit Guidance for colleges issued 31 May 2022 and which has been confirmed as being free from material misstatement by the College's Principal in his Certificate dated 20 October 2023. We conducted our audit in accordance with guidance contained in the 2022-23 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 misstatements.

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 misstatements.

Stuart Inglis
Director
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

31 October 2023

Date FES returned: 11 October 2023

Appendix II – Summary of Adjusted and Unadjusted Errors

Report Para	Error identified	Adjusted/unadjusted	Approx. Value
2.2.2	Credits claimed for course classified as fundable in error.	Adjusted	-2.4 Credits

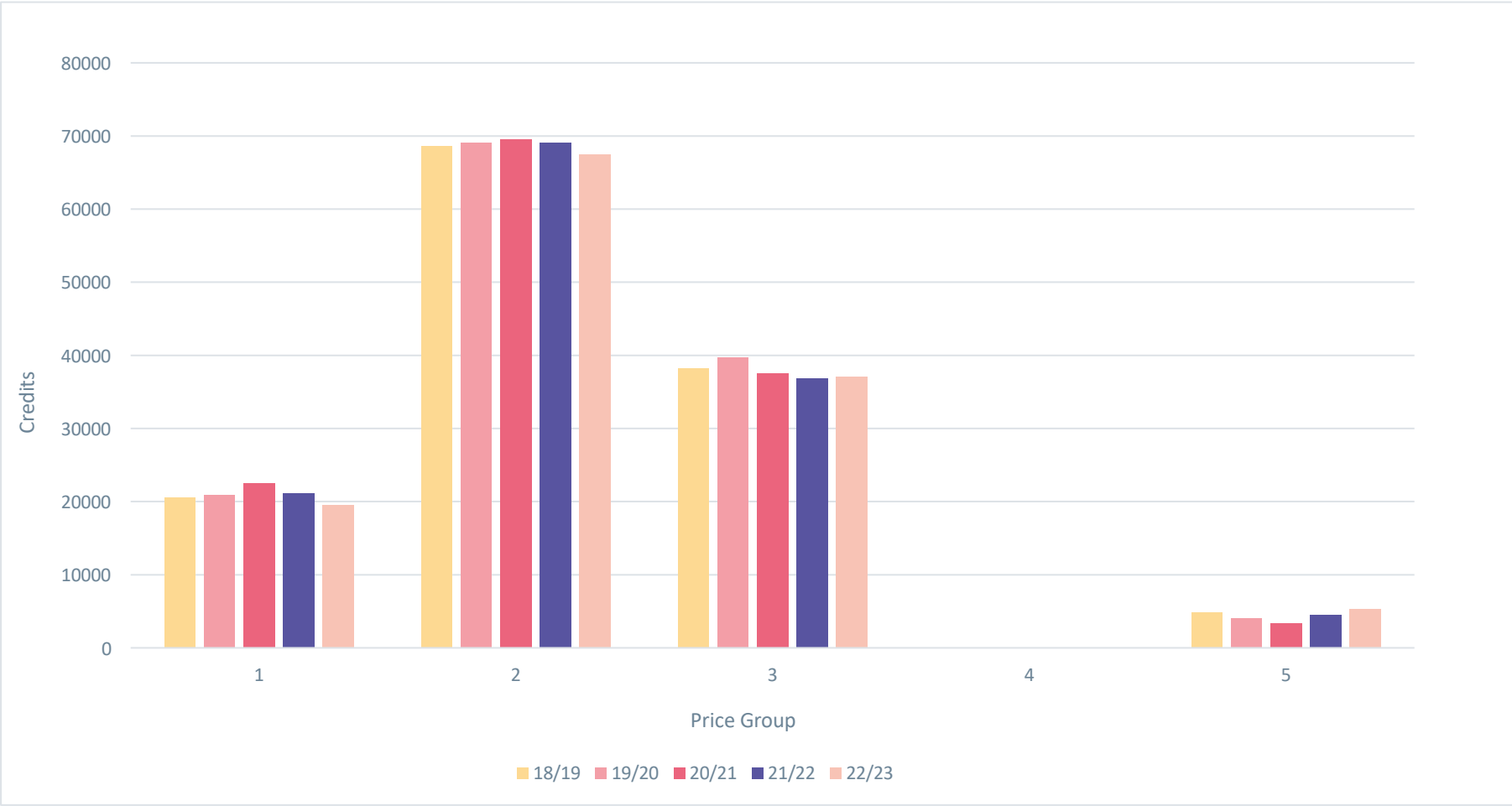
Appendix III – Price Group Analytical Review 2021/22 and 2022/23 – Figures

Price Group	2021/2022		2022/2023		Variance	Variance
	Credits		Credits		Credits	%
1	21,151		19,550		(1,601)	(7.6)
2	69,164		67,525		(1,639)	(2.4)
3	36,853		37,109		256	0.7
4	40		39		(1)	(2.5)
5	4,550		5,343		793	17.4
	131,758		129,566		(2,192)	(1.7)

College Funded Target 2022/23:

128,812 Credits

Appendix IV – Price Group Analytical Review 2018/19 to 2022/23 – Graph



Appendix V – Updated Action Plan – Student Activity Data 2021/22

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2023
Systems and Procedures for Compilation of Returns Student Withdrawals R1 Ensure that withdrawn students are recorded in the student records system in a timely manner, and as soon as possible after the last date of attendance / participation and after formal notice of withdrawal has been given.	3	The process for monitoring engagement and supporting students causing concern has been reviewed for 2022/23. Monitoring reports are provided to identify students not attending. Withdrawal of a student should take place when all actions relates to the process have been exhausted, or the agreed action plan has not been adhered to. This can take several weeks, however we accept that it should be done in a timely manner.	Y	Director of Student Access & Information, Associate Vice Principals	July 2023	No issues identified during audit testing in 2022/23. Fully Implemented



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North East Scotland College

Annual Report to the Regional Board and Principal on the Provision of Internal Audit Services for 2022/23

Internal Audit report No: 2023/13

Draft issued: 23 November 2023

Final issued: 27 November 2023



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Annual Report and Opinion

Introduction

- 1.1 We were appointed as internal auditors of North East Scotland College ('the College') for the period 1 August 2019 to 31 July 2022, with an option available to the College to extend for a further two years which was exercised. This report summarises the internal audit work performed during 2022/23.
- 1.2 Given that the College has invoked the two-year contract extension, which takes us beyond the ANA and Strategic Plan 2019 to 2022 (Report 2020/01, finalised 10 September 2019) it was agreed that a full ANA should not be undertaken at this time. The draft plan is based on discussions with the previous Vice Principal Finance & Resources (and then subsequently the Acting Vice Principal Finance & Risk), consideration of areas of higher risk and need, arising from a review of the College's Strategic Risk Register and previous internal audit coverage. These topics were further refined following discussion at the meeting of the Audit and Risk Committee on 21 September 2022.
- 1.3 The annual operating plan for 2022/23 showed no changes to the allocation set out in the approved internal audit programme for 2022/23. It was agreed with the Vice Principal Finance & Resources that the Credits and Student Support Funds work for 2022/23 would be included in this annual report for 2022/23, rather than being included in the annual report for the following year, as was the previous custom and practice. This means that the Credits and Student Support Funds work for both 2021/22 and 2022/23 is summarised within the annual report this year.
- 1.4 The reports submitted during 2022/23 are listed in Section 2 of this report and a summary of results and conclusions from each finalised assignment is given at Section 3.
- 1.5 An analysis of time spent against budget is included at Section 4.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

- 1.6 The College has responsibility for maintaining an effective internal audit activity. You have engaged us to provide an independent, risk-based assurance and consultancy internal audit service. To help you assess that you are maintaining an effective internal audit activity we:
 - Confirm our independence;
 - Provide information about the year's activity and the work planned for next year in this report; and
 - Provide quality assurance through self-assessment and independent external review of our methodology and operating practices.

Public Sector Internal Audit Standards (PSIAS) Reporting Requirements

1.7 Self-assessment is undertaken through:

- Our continuous improvement approach to our service. We will discuss any new developments with management throughout the year;
- Ensuring compliance with best professional practice, in particular the PSIAS;
- Annual confirmation from all staff that they comply with required ethical standards and remain independent of clients;
- Internal review of each assignment to confirm application of our methodology which is summarised in our internal audit manual; and
- Annual completion of a checklist to confirm our PSIAS compliance.

1.8 External assessment is built into our firm-wide quality assurance procedures. Henderson Loggie LLP is a member of Prime Global, a global association of independent accountancy firms. Continued membership of Prime Global is dependent on maintaining a high level of quality and adhering to accounting and auditing standards in the provision of our services. Annual quality reviews are conducted to confirm our continuing achievement of this quality. The independent review conducted in March 2019, when we were part of the MHA network, included our internal audit service. Overall, the review confirmed that the firm's policies and procedures relating to internal audit were compliant with the PSIAS in all material respects.

1.9 In the intervening years between formal external assessment against PSIAS we conduct our own self-assessment annually. The result of our latest self-assessment, conducted in May 2023, confirms that our service is independent of the College and continues to comply with the PSIAS.

Significant Issues

1.10 In last year's annual report we highlighted that Internal audit report 2021/07 – IT Network Arrangements / Data Protection, issued in May 2021, was graded as 'Requires Improvement'. The report contained five Priority 2 and seven Priority 3 recommendations. Our follow-up work in 2021/22 noted that a significant amount of work had been undertaken in this area although seven recommendations still to be fully implemented (three Priority 2 and four Priority 3). As part of our current year follow up activity we confirmed that six of these recommendations have now been fully implemented, with only one Priority 3 recommendation outstanding (with a revised implementation date of 30 November 2023).

1.11 There were no issues identifying major internal control weaknesses noted from the internal audit work carried out during the year. In general, procedures were operating well in the areas selected, but a few areas for further strengthening were identified and action plans have been agreed to address these issues. The agreed actions will be followed-up as part of our planned activity in 2022/23.

Opinion

1.12 In our opinion, the College has adequate and effective arrangements for risk management, control and governance. Proper arrangements are in place to promote and secure Value for Money. This opinion has been arrived at taking into consideration the work we have undertaken during 2022/23, and in the prior years since our appointment in 2019/20.

Reports Submitted

Number	Title	Overall Grade	Recommendations	High / Priority 1	Medium / Priority 2	Low / Priority 3
2023/01	Annual Plan	N/A	N/A	N/A	N/A	N/A
2023/02	2021/22 Student Activity Data (Credits Audit)	Audit opinion unqualified	1	-	-	1
2023/03	Student Support Funds 2021/22	A number of observations were made	2	-	1	1
2023/04	Health and Safety	Good	-	-	-	-
2023/05	Debtors / Income	Satisfactory	5	-	-	5
2023/06	Cash and Bank	Good	1	-	-	1
2023/07	Digital Strategy	Good	1	-	-	1
2023/08	Financial Planning	Good	-	-	-	-
2023/09	Follow-Up Reviews	N/A	2 recommendations required further action	-	-	2
2023/10	General Ledger	Satisfactory	3	-	-	3
2023/11	2022/23 Student Activity Data (Credits Audit)	Audit opinion unqualified	2	-	-	2
2023/12	Student Support Funds 2022/23	A number of observations were made and a reservation for EMA	5	-	2	3

Internal Audit Annual Report 2022/23

Overall gradings are defined as follows:

Good	System meets control objectives.
Satisfactory	System meets control objectives with some weaknesses present.
Requires improvement	System has weaknesses that could prevent it achieving control objectives.
Unacceptable	System cannot meet control objectives.

Recommendation grades are defined as follows:

Henderson Loggie reports from 2019/20 onwards

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

College's previous Internal Auditors to 2018/19 (Follow-Up Reviews only)

High	Major weakness that we consider needs to be brought to the attention of the Audit and Risk Committee and addressed by senior management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

Summary of Results and Conclusions

2023/01 – Annual Plan 2022/23

Final Issued – September 2022

The purpose of this document was to present for consideration by management and the Audit and Risk Committee the annual operating plan for the year ended 31 July 2023. This would normally be based on a comprehensive Audit Needs Assessment (ANA) and three-year Strategic Plan, which would be prepared following discussion with Board members and managers throughout the College. Given that the College has invoked a two-year contract extension, which takes us beyond the ANA and Strategic Plan 2019 to 2022 (Report 2020/01, finalised 10 September 2019) it was agreed that a full ANA should not be undertaken at this time. The draft plan is based on discussions with the Vice Principal Finance & Resources (and then subsequently the Acting Vice Principal Finance & Risk), consideration of areas of higher risk and need, arising from a review of the College's Strategic Risk Register and previous internal audit coverage. These topics were further refined following discussion at the meeting of the Audit and Risk Committee on 21 September 2022.

2023/02 – 2021/22 Student Activity Data

Final Issued – November 2022

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the major requirements for recording and reporting fundable activity identified at Annex C to Credits Audit Guidance, COVID-19 related guidance at Annex D and the key areas of risk identified in Annex E.

Our report was submitted to the SFC on 18 November 2022. We reported that, 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 mis-statement.

One recommendations was made in our internal audit report, including that the College should ensure that withdrawn students are recorded in the student records system in a timely manner, and as soon as possible after the last date of attendance / participation and after formal notice of withdrawal has been given.

2023/03 – Student Support Funds

Final Issued – May 2023

We carried out an audit on the following fund statements for the 2021/22 academic year:

- Further Education (FE) Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education (HE) Discretionary and Childcare Fund; and
- Education Maintenance Allowance (EMA) Return.

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2022, is in agreement with underlying records.

We were able to certify all fund statements for the year and submit these to the appropriate bodies, without reservation.

In our covering letter to SAAS enclosing the audited HE Discretionary and Childcare Fund Return we made one observation. The College does not operate a separate interest bearing bank account for the HE Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure is processed through the main College bank accounts, although this is fully reconcilable. The College utilises the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

In our covering letter to the SFC enclosing the audited EMA Return we made the following observation arising from our audit work. The College has noted on the EMA year-end statement that there has been an *'EMA underclaim of £120, which will be claimed in Oct 22. Total spend for 21/22 is £142,560'*. We noted that £90 of this relates to a deduction made in the monthly EMA return for September 2021 to correct an overclaim in 2020/21 and therefore the underclaim for 2021/22 was the balancing figure of £30.

In addition, the following points were noted during the course of our audit:

Bursary study expenses

For 2021/22, the College's claim for Bursary study expenses included internal costs incurred by the College for the printing of essential texts £68,397 (approx. £27 per student). We noted as an observation in 2018/19 that no detailed breakdown between staff costs, use of equipment, materials etc. was available to support the level of print costs charged, and in 2019/20 the College provided us with a calculation based on an analysis of the photocopy page count by Teaching and Other codes, with photocopy charges apportioned between Teaching and Non-Teaching. In 2020/21 the methodology was updated to apportion costs between Bursary and non-

2023/03 – Student Support Funds (continued)

Bursary students however still assumed that all copying charged to the Teaching codes was for study materials (essential texts), where some of these charges may potentially have related to core teaching materials that should be covered by the core grant. For 2021/22 the calculation of print costs has been made on a similar basis to 2020/21 and therefore our previous recommendation has still not been fully implemented, namely that the College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials, which should be covered by the core grant funding, are excluded.

Given that the costs claimed for the printing of essential texts were significantly reduced this year any potential error was clearly not material in the context of total Bursary expenditure of approximately £6.1 million for 2021/22 and accordingly we did not include an observation in our covering letter to the SFC.

College Nursery

As in previous years, the College's claim for the Childcare Fund includes a recharge for operating the College Nursery in Fraserburgh. The total costs recharged includes amounts paid to the external service provider and a share of College property costs based on square meterage. For 2021/22 this had been allocated proportionately between 18 children of students who used the College Nursery and who had applied for Childcare funding.

We were advised that 30 children have places at the Nursery and we discussed with College management whether it was appropriate for the full recharge to be allocated to the Childcare Fund. Management noted that the monthly invoices from the external service provider to the College are adjusted to reflect the use of non-College and non-Childcare funded places at the Nursery (local authority placements). We confirmed from a review of the invoices that deductions had been made during the year from the full standard monthly charge of approximately £21k. We received confirmation from College management that no other children used the College Nursery, other than the 18 Childcare funded places, and those places used by the local authority.

On the basis of our review and consideration of evidence provided we accepted that no adjustment to the Childcare Fund recharge was required this year.

EMA spot checks

As a condition of funding colleges are required to undertake spot-checks of 5% of EMA applications and payments, and our audit confirmed that the College had performed such checks during 2021/22. We noted as a minor point, in previous years, that the EMA spot-checks undertaken covered accepted applications only and did not include applications that were rejected and we recommended that sample testing should cover both accepted and rejected applications. This recommendation has still to be implemented.

2023/04 – Health and Safety

The scope of this audit was to review the arrangements in place within the College to deal with Health and Safety (H&S) issues.

The table opposite notes each separate objective for this review and records the results.

Strengths

- A formal Health & Safety Policy is in place, which is reviewed by the Head of Health, Safety and Security and the Executive Team, and uploaded to the intranet by the Quality Team;
- Induction training is in place for all new students which is managed by the Learning and Development team and is tailored for each specific course or programme of study;
- People Services liaise with the Health & Safety (H&S) team for inductions for specific courses and / or any job changes for incoming staff to ensure they receive adequate induction training;
- External health and safety audits are undertaken periodically, with follow up of actions by the H&S Officers performed in a timely manner;
- A College designed accident recording and reporting system is in place, which records all accidents occurring in the College;
- From our review of a sample of accident forms, these were complete and recorded in a timely manner;
- Risk assessments are in place across the College, which are monitored for currency by the Department Head responsible for them, with annual reviews undertaken;
- Near miss reporting is in place to help prevent future accidents and incidents, which are reviewed by the H&S team;
- Incident reporting to the H&S team is in place, covering a wide range of incidents, including trespassers on the College estate and instances of drug use on campus;
- A Health & Safety Committee is in place which meets three times per year, with the dates set out at the beginning of each term;

Final Issued – November 2022

The specific objectives of the audit were to ensure that:	
1. A H&S policy and documented procedures are in place which are communicated to all staff.	Good
2. A H&S training programme is in place for staff and students which includes induction training, refresher training and training for new equipment or legislation.	Good
3. Regular monitoring of H&S systems is undertaken to ensure that they are functioning effectively including H&S audits, carried out either internally or by external agencies such as the Health and Safety Executive.	Good
4. An incident and accident investigation and reporting system is in place with follow-up and implementation of new controls where required.	Good
5. Regular reporting of H&S to senior management and to the Board is in place.	Good
Overall Level of Assurance	Good

2023/04 – Health and Safety (continued)

Strengths (continued)

- A detailed Health & Safety Report is submitted to the Board on an annual basis, the contents of which are presented by the Head of Health, Safety and Security, which allows the members of the committee to raise queries and gain a further understanding of the College's health and safety position:
- The College leadership team meets weekly, which provides an opportunity for the Head of Health, Safety and Security to raise any significant health and safety issues, including any changes relating to the impact of the Covid-19 pandemic, which were still being monitored by the College at the time of our audit fieldwork;
- Certification with the HSE is held for use of radioactive materials, with practices applied by the College subject to review by the HSE to ensure that these College practices comply with the relevant regulations and legislation; and
- Flu vaccinations are to be provided on site in November 2022, free of charge for staff at all campuses, with individual sessions held at each campus, helping to improve staff wellbeing and reinforcing the overall health and safety culture within the College.

Weaknesses

- No significant weaknesses were noted during our review.

2023/05 – Debtors / Income

This audit focused on the systems of internal control in place for income within the College in relation to commercial income generating activities, education contracts and other income. In addition, debt management and recovery procedures were also reviewed.

The table opposite notes the objective for this review and records the results.

Strengths

- The Finance Team are responsible for managing the income and debtor processes and use the finance system, SunSystems, which centralises the processes and allows an audit trail to be retained against each student account that is linked to Unit-E, the student information database;
- There are robust procedures documented for issuing sales invoices from commercial and student income streams;
- Invoices must be supported by an Invoice Request Form which is authorised prior to issue of invoices;
- The College has robust procedures in place a defined approach for credit notes and College course refunds;
- All credit notes are required to be approved before they are processed;
- The College course refunds process is controlled centrally within Finance;
- Credit notes are appropriately allocated and approved in line with delegated authority.
- Write off / bad debt is reviewed on a quarterly basis. Our walkthrough of arrangements confirmed that all write off approvals were in line with the College's Financial Regulations and that audit trails were retained.
- All sales invoices have payment terms of 30 days and failure to make payments within this timescale results in the payment being included in the overdue payment reports;
- Debt recovery action is taken when accounts become overdue;
- Unpaid accounts over 60 days are referred to the College's appointed debt collection agency to pursue outstanding amounts;
- There is a defined approach in place for writing off bad debts; and
- In the current academic year, the College has in place a provision to absorb any identified bad debts.

Final Issued – November 2022

The specific objectives of the audit were:	
1. Invoices / claims are raised promptly in respect of income due to the College	Satisfactory
2. Credit notes are appropriately authorised before issue	Satisfactory
3. Adequate debt management and recovery procedures are in place and are consistently followed in practice	Satisfactory
Overall Level of Assurance	Satisfactory

2023/05 – Debtors / Income (continued)

Weaknesses

- During testing, we identified two Invoice Request Forms that were raised and authorised by the same member of staff. While the staff members had appropriate levels of authority, this is not in line with the segregation of duties required per the procedures;
- We identified two invoices that were raised before the Invoice Request Form had been authorised;
- During testing, we identified one Credit Note Request form that has been raising and authorised by the same member of staff. Although the staff member was of an appropriate authority level, this was not in line with the required segregation of duties;
- We identified one credit note that was issued prior to the Credit Note Request form being appropriately authorised; and
- While there are procedural documents in relation to the debt recovery processes, it was noted that these were last reviewed in April 2018 and no longer accurately reflect the entire debt management process.

2023/06 – Cash and Bank / Treasury Management

The scope of the audit was to review the key internal controls in place within the College over the recording of cash, cheque, credit / debit card, direct transfer and direct debit payments received from students, commercial customers and staff onto the finance system. The audit covered the systems in place within the Finance Office and other areas within the College where a significant volume of payments is received.

The table opposite notes each separate objective for this review and records the results.

Strengths

The audit identified the following areas of good practice:

- The College has an up-to-date Financial Regulations Policy in place;
- There is an up-to-date cash receipting process in place, which defines the process to be followed by College staff;
- A Whistleblowing process is in place to enable the reporting of any perceived wrongdoing, such as the theft of College cash;
- Accountability for managing the secure storage of cash across the College sites rests with the relevant departments;
- We observed that the cash amounts held in safes are within the limits covered by the College's insurance policies;
- Secure safes are in place across all the College campuses;
- A reputable third-party cash collection service is utilised to safely transport cash to the bank;
- Cash amounts deposited into the bank are reconciled to the banking sheets to ensure the amounts deposited are complete and accurate;
- Cash deposit bags are in place to record the amounts passed between campuses;
- Bank reconciliations are monitored by the Financial Controller (External Affairs);
- Reconciliations selected for sample testing were appropriately completed and had been signed off as reviewed;
- Short term investments were reviewed and approved by the VP of Finance & Resources;

Final Issued – August 2023

The objective of our audit was to obtain reasonable assurance that:	
1. Monies collected by the College from all sources are fully, accurately and timeously recorded.	Good
2. All monies received are banked intact and in a timely manner.	Good
3. Regular reconciliations are carried out between actual receipts and amounts recorded in the College's finance system.	Good
4. The College's treasury management arrangements are in line with good practice.	Satisfactory
Overall Level of Assurance	Good

2023/06 – Cash and Bank / Treasury Management (Continued)

Strengths (continued)

- The Financial Controller (External Affairs) proactively monitors future investment opportunities;
- Ongoing monitoring of the short-term investments is undertaken by the Financial Controller (External Affairs); and
- A high-level review of the College's practices against those defined within a CIPFA internal control questionnaire for Treasury Management, the SPFM and the SFC's Financial Memorandum did not identify any issues.

Weaknesses

The audit also identified an area for improvement:

- We reviewed the initial investment of £3 million in a fixed term deposit with RBS in December 2022 and there was no evidence of the Finance & Resources Committee authorising the investment before it was made. In addition, there was no evidence of the Senior Leadership Team (SLT) review of the proposal as minutes are not taken at SLT meetings as standard. Oversight of the College's investments rests with the VP of Finance & Resources, whose approval could be evidenced. However, the Finance & Resources Committee is required to oversee these transactions (as set out within the Financial Regulations Policy) and therefore demonstration of effective Board oversight of such a transaction should be evidenced.

2023/07 – IT / Digital Strategy

This audit reviewed the processes for the development of the IT / Digital Strategy within the College. We reviewed the adequacy and effectiveness of the governance, processes and key controls over the definition, maintenance and delivery of the IT / Digital Strategy to help the College meet its business objectives.

The table opposite notes each separate objective for this review and records the results.

Strengths

- The College IT Strategy 2021-2023 sets out a framework for the use of IT technologies to support the College's business and curriculum objectives;
- Structures have been established, such as the IT Steering Group and Business Systems User Groups, which provide opportunities for obtaining stakeholder views on IT service requirements, reviewing existing business processes for digitisation and developing an IT infrastructure and prioritising IT development projects;
- A system of formal accountability for IT projects has been established whereby working groups are set up, where required, for individual IT projects / investment decisions; and
- The IT & Technical Services (ITTS) team continually reviews the age, performance and capability of the IT infrastructure and monitors technological changes and trends which, in conjunction with the principles outlined in the College's IT Strategy and associated Roadmap, inform infrastructure investment and security decisions to ensure that the IT infrastructure can maintain and support the College's strategic and operational objectives.

Final Issued – May 2023

The objective of our audit was to obtain reasonable assurance that:	
1. An application architecture is in place that ensures that the College has a suite of compatible applications that are aligned to the IT / Digital Strategy.	Good
2. An appropriate governance structure is in place that ensures that IT related projects, initiatives and requests are aligned to the IT / Digital Strategy.	Good
3. All internal and external stakeholders have been identified and provided opportunities to provide input and inform the identification of requirements of the IT / Digital Strategy.	Good
4. There is clear alignment of the IT / Digital Strategy objectives with the Strategic Plan and Regional Outcome Agreement objectives.	Good
5. There is regular reporting to stakeholders on progress with achieving the IT / Digital Strategy, including appropriate Key Performance Indicators and Key Risk Indicators in place to measure and report progress of the IT / Digital Strategy and associated risks.	Good
Overall Level of Assurance	Good

2023/07 – IT / Digital Strategy (Continued)

Opportunity for Improvement (Continued)

- A data architecture has still to be developed which defines how data is to be collected (including defining the purpose, of holding the data, and how and where data is to be stored), data security and data reporting capability. Development of a data architecture should complement the target state technology architecture outlined in the Technology Strategy and Roadmap and underpins the College's business intelligence requirements. We have recommended that in order to progress the Technology Strategy and Roadmap, the data architecture should be formally documented and assessed to identify systems and data dependencies, system capabilities and compatibilities. A future state data architecture should then be identified based on the organisation's business and user requirements and current systems and data limitations, and a Roadmap then developed to achieve a target architecture.

2023/08 – Financial Planning

Delivery of Efficiency Savings Plan

The scope of this aspect of the audit was to review the College's approach for identifying, recording and reporting efficiency or cost savings.

Growing commercial income streams

The scope of this aspect of the audit was to review the processes in place within the College to maximise income generation and margin from commercial (non-SFC) activities.

The table opposite notes each separate objective for this review and records the results.

Strengths

- The College has developed a Financial Plan which is aligned to the Strategic Plan and associated objectives.
- Processes are in place for closely monitoring financial plans and budgets, factors which materially impact financial performance and revisiting assumptions which underpin the financial plans.
- Due to challenging economic circumstances the College has forecast a budgeted deficit position for the short to medium term. Staff and non-staff cost reductions and savings have been identified over the next two years which are to be achieved through implementation of efficiency measures identified by management, including cost savings achieved through procurement activity, reduced materials expenditure linked to reduction in Credits activity, and operational efficiencies resulting from changes to support department and teaching delivery processes.
- The College is actively exploring all opportunities for achieving savings across all areas of its operations. In addition to savings, the College is also looking at maximising returns from assets, including generating additional rental income from capacity within the College estate.
- The College has in place a Business Development Strategy for 2021-23 where the fundamental aim of the Strategy is to develop the College's approach to commerciality and increase the College's commercial income in order to reduce the reliance on SFC funding.
- The College maintains strong links with regional employers and trade organisations and is well placed to identify commercial training opportunities.

Final Issued – May 2023

The specific objectives of this audit were to obtain reasonable assurance on:	
Delivery of Efficiency Savings Plan	
1. the definition of what constitutes a saving has been clearly set out.	Good
2. annual efficiency savings targets have been set.	Good
3. there is a mechanism in place for quantifying and reporting on progress made to achieve the agreed efficiency savings targets.	Good
4. the monitoring of delivery of the annual cash releasing savings required to achieve financial targets is robust.	Good
Growing Commercial Income Stream	
5. an effective strategic and operational planning process has been established to grow commercial income, including identification of key markets and courses.	Good
6. there is appropriate support in place to identify and promote commercial and external funding opportunities.	Satisfactory
7. there is effective pricing in the marketplace, with full cost recovery as the target and careful consideration being given to activity which does not meet this target.	Good

2023/08 – Financial Planning (Continued)

Strengths (Continued)

- Processes are in place for monitoring commercial activity volumes and margins regularly throughout the year, and updates are provided to management teams each month. Updates are also reported to the Regional Board, via the Curriculum & Quality Committee, twice a year.

Weaknesses and Opportunities for Improvement

- No significant weaknesses were identified during our review. The Business Development team, through its contacts with regional employers, feels that there are further Flexible Workforce Development Fund (FWDF) opportunities in the region that can be exploited, although further capacity within the Business Development team would be required to fully explore or support these if further FWDF funding becomes available. An internal Business & Community Development (BCD) review previously undertaken by the College acknowledged that commercial activity needs to increase, however further resources were needed to enable growth. Due to the current financial position of the College, and the Financial Plan which identifies savings to be made through reduction in staff costs, further BCD resources have not been identified. A further BCD review is planned over the course of the next year to explore how growth in commercial activity can be supported.
- merger which created NESCOL, meaning that the original supporting paperwork was not on file. However, the club was no longer accepting new members and the contribution level was negligible in cost.

8. there is regular review of activities by College senior management, the Regional Board and its committees, including against targets set.	Good
Overall Level of Assurance	Good

2023/09 – Follow-Up Reviews

Final Issued – May 2023

As part of the Internal Audit programme at the College for 2022/23 we carried out a follow-up review of the recommendations made in Internal Audit reports issued during 2021/22 and reports from earlier years where previous follow-up identified that recommendations were outstanding. These were:

- 2022/10 – Follow-Up Reviews 2021/22;
- 2022/05 - Estates and Facilities Contract; and
- 2022/06 - Aberdeen Skills and Enterprise Training (ASET) Limited - Income & Risk Management Arrangements.

The objective of each of our follow-up reviews was to assess whether recommendations made in previous reports had been appropriately implemented and to ensure that where little or no progress had been made towards implementation, that plans were in place to progress them.

The College had made good progress in implementing the recommendations followed-up as part of our review with 12 of the 14 recommendations being categorised as 'fully implemented'. 2 recommendations were assessed as 'partially implemented' and these will be subject to follow up in the next formal Follow Up Review exercise.

The two recommendations that were assessed as 'partially implemented' related to report 2022/10 – Follow Up Reviews 2021/22. A significant amount of work had been undertaken in this area with the outstanding recommendations to be completed by 30 November 2023 and 31 December 2023 respectively.

Our findings from each of the follow-up reviews has been summarised below:

2023/09 – Follow-Up Reviews (Continued)

From Original Reports			From Follow-Up Work Performed				
Area	Rec. Priority	Number Agreed	Fully Implemented	Partially Implemented	Little or No Progress Made	Not Past Agreed Completion Date	Considered But Not Implemented
2022/10 – Follow-Up Reviews 2021/22	1	-	-	-	-	-	-
	2	4	4	-	-	-	-
	3	5	3	2	-	-	-
	High	-	-	-	-	-	-
	Medium	-	-	-	-	-	-
	Low	1	1	-	-	-	-
Total		10	8	2	-	-	-
2022/05 - Estates and Facilities Contract	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	1	1	-	-	-	-
Total		1	1	-	-	-	-
2022/06 - Aberdeen Skills and Enterprise Training (ASET) Limited -Income & Risk Management Arrangements	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	3	3	-	-	-	-
Total		3	3	-	-	-	-
Grand Totals		14	12	2	-	-	-

2023/10 – General Ledger

The scope of the audit was to review the following:

- month-end financial close process;
- year-end financial close process;
- updating user access rights on the financial system; and
- core financial controls validating the financial records of the College.

The table opposite notes each separate objective for this review and records the results.

Strengths

The audit identified the following areas of good practice:

- Access to the chart of accounts is restricted to the Finance team and maintained by an Assistant Accountant and overseen by the Financial Controller (External Affairs);
- User access to the Finance system is controlled by the Assistant Accountant and overseen by the Financial Controller (External Affairs), with an established process in place for the authorisation, creation and deletion of user accounts;
- The system access controls ensure that only approved staff within the Finance team can create or amend the General Ledger accounts and cost centre codes in place;
- There is a defined year end process in place, with duties assigned to responsible individuals with target completion dates;
- An adequate process is in place for the transfer of financial information from feeder systems to the General Ledger; and
- On completion of the month end process, the College's Finance team produces and issues the monthly financial reports (and at year end the figures for the annual financial statements) from the General Ledger.

Final Issued – September 2023

The objective of our audit was to obtain reasonable assurance that:	
1. The chart of accounts, coding structure, reports and procedures are adequate in respect of production of the College's management accounts and annual financial statements	Satisfactory
2. Key controls are in place over the trial balance structure, control account reconciliations and journal entries.	Satisfactory
3. There is adequate control and reconciliation of the main feeder systems to the General Ledger Regular reconciliations are carried out between actual receipts and amounts recorded in the College's finance system.	Good
Overall Level of Assurance	Satisfactory

2023/10 – General Ledger (Continued)

Weaknesses

The audit also identified an area for improvement:

- There is no documented procedure for the month end financial ledger closure process. While it is understood that individual members of staff may maintain their own checklists, there is no uniform approach or master document which allows oversight of the entire month end process;
- During sample testing around appropriate authorisation of journal entries, it was determined that two of the sampled journals from February 2023 and March 2023 had not been authorised at the time of audit testing in July 2023. A further seven of the sampled journals had also taken a significant period of time to be authorised, taking over a month after posting to receive appropriate review and authorisation; and
- There is no journal authorisation schedule which formalises who can authorise a journal entry and the delegated limits of the journals these staff can authorise.

2023/11 – 2022/23 Student Activity Data

Final Issued – November 2023

In accordance with the Credits Audit Guidance we reviewed and recorded the systems and procedures used by the College in compiling the returns and assessed and tested their adequacy. We carried out further detailed testing, as necessary, to enable us to conclude that the systems and procedures were working satisfactorily as described to us.

Detailed analytical review was carried out, including a comparison with last year's data, obtaining explanations for significant variations by Price Group.

Our testing was designed to cover the key risk areas identified at Annex C to Credits Audit Guidance.

Our report was submitted to the SFC on 31 October 2023. We reported that, 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 mis-statement.

Two recommendations were made in our internal audit report, including that as part of in-year data integrity checks, the College should take steps to ensure that the SoF code and Credits claimed accurately reflects the type of activity delivered in the year and that programmes are correctly classified as FE or HE in line with the SFC guidance.

2023/12 – 2022/23 Student Support Funds

Final Issued – November 2023

For the 2022/23 academic year three specific fund statements were required for audit:

- Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return;
- Higher Education Discretionary and Childcare Fund; and
- Education Maintenance Allowance Return.

The audit objectives were to ensure that:

- The College complies with the terms, conditions and guidance notes issued by SFC, SAAS and the Scottish Government;
- Payments to students are genuine claims for hardship, bursary or EMA, and have been processed and awarded in accordance with College procedures; and
- The information disclosed in each of the returns for the year ending 31 July 2023, is in agreement with underlying records.

We were able to certify the Higher Education Discretionary and Childcare Fund for the year and submit this to SAAS, without reservation. In our covering letter to SAAS we made one observation. The College does not operate a separate interest-bearing bank account for the Higher Education Discretionary Fund. Whilst the College does have a student funding bank account, some student funding income and expenditure is processed through the main College bank accounts, although this is fully reconcilable. The College utilises the Government banking service for all of its financial transactions, on instruction from the Scottish Funding Council, and these accounts do not pay interest.

In our covering letter to the SFC enclosing the audited EMA Return we made one reservation arising from our audit work. Maintenance payments made by the College during 2022/23 totalled £263,250 against £264,090 claimed on the monthly EMA returns. As agreed with the SFC the overclaim of £840 has been recovered by offset against an administration claim of £480 made on the July 2023 return with the balance deducted from the September 2023 maintenance claim. As noted in our covering letter last year, the maintenance adjustment of £120 made in October 2022 for a 2021/22 underclaim should only have been £30.

We were able to certify the Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return for the year and submit this to SFC, without reservation. In our covering letter to the SFC we made the following observations arising from our audit work.

Included in the final FES under Further Education Discretionary Fund expenditure are payments of £500 each to two international students. It was established that these payments had been made from the SAAS International Students' Emergency Fund and the £1,000 total had been incorrectly classified in the financial ledger and on the FES. The students were not eligible for funding from the Further Education Discretionary Fund.

2023/12 – 2022/23 Student Support Funds (Continued)

For students with children using the College Nursery in Fraserburgh and who had applied for Childcare funding, the College makes a recharge to the Childcare Fund based on the total invoiced cost from the Nursery service provider plus a share of relevant College estates and equipment costs, apportioned to the Nursery based on area (sq. m). The College has identified 15 funded children using the College Nursery during 2022/23 and a recharge has been made to the Childcare Fund of £15,033 each. Our sample testing of students in receipt of Childcare funding included seven students with children using the College Nursery. We noted that one of these students last attended their course on 17 February 2023 (as per their FES end date), although they had not been fully withdrawn until 29 May 2023, which represented a significant delay in withdrawing the student and resulted in a full year's recharge of £15,033 being made to the Childcare Fund. Based on the student's actual attendance for 5.5 months, the recharge would only have been £8,268. A second student in our sample was only entitled to 20% of Childcare costs under College policy due to their level of income. A full recharge of £15,033 had also been made to the Childcare Fund for this student rather than £3,007 (20%) per College policy. We understand that the student contributed £2,368 by deduction made from their Bursary award.

In addition, the following points were noted during the course of our audit:

College Nursery

We were advised that 30 children have places at the Nursery and we discussed with College management whether it was appropriate for the full recharge to be allocated to the Childcare Fund for the 15 children noted above. Management noted that the monthly invoices from the external service provider to the College are adjusted to reflect the use of non-College and non-Childcare funded places at the Nursery (local authority placements). We confirmed from a review of the invoices that deductions had been made during the year from the full standard monthly charge of approximately £21k. We received confirmation from College management that no other children used the College Nursery, other than the 15 Childcare funded places, and those places used by the local authority.

On the basis of our review and consideration of evidence provided we have accepted the College's methodology for the College Nursery recharge however we raised a value for money point for consideration going forward. In recent years there has been a decreasing number of students / children using the College Nursery and a significant increase in the recharge per head. The recharged figures were based on reserving a full-time place in the College Nursery for the funded students however the amount included on the students' award letters based on their actual timetable was much lower. We have recommended that the College should consider whether the current use of the Childcare funds continues to represent value for money.

Bursary Study Expenses

For 2022/23, the College's claim for Bursary study expenses included internal costs incurred by the College for the printing of essential texts £81,065 (approx. £31 per student). We noted as an observation in 2018/19 that no detailed breakdown between staff costs, use of equipment, materials etc. was available to support the level of print costs charged, and in 2019/20 the College provided us with a calculation based on an analysis of the photocopy page count by Teaching and Other codes, with photocopy charges apportioned between Teaching and Non-Teaching. In 2020/21 the methodology was updated to apportion costs between Bursary and non-Bursary students however still assumed that all copying charged to the Teaching codes was for study materials (essential texts), where some of these charges may potentially have related to core teaching materials that should be covered by the core grant.

2023/12 – 2022/23 Student Support Funds (Continued)

For 2021/22 and 2022/23 the calculation of print costs has been made on a similar basis to 2020/21 and therefore our previous recommendation has still not been fully implemented, namely that the College should refine the print costs re-charge calculation to ensure that the cost of any core teaching materials, which should be covered by the core grant funding, are excluded. Similar to last year, any potential error was not material in the context of total Bursary expenditure of approximately £6.4 million for 2022/23 and accordingly we did not include an observation in our covering letter to the SFC.

Workings provided for 2022/23 showed that the calculation of the amount to be charged to Bursary (£81,065) was based on a total student population of 6,540 and Bursary student numbers of 2,756. This gave a cost per student of £29.41 compared with £31 charged in the Bursary return. The reason for the difference is that the £81,065 Bursary total has been split between only 2,622 Bursary students on the final FES return. Unless the total student population was incorrect then the cost per head should have remained at £29.41 and there is an overclaim of £4,169 on the Bursary return.

Time Spent - Actual v Budget 2022/23

	Report number	Planned days	Actual days feed	Days to fee at Nov 2023	Days to spend / WIP	Variance
Reputation						
<i>Health and Safety</i>	2023/04	5	5	-	-	-
Financial Issues						
<i>Financial Planning</i>	2023/08	6	6	-	-	-
<i>General Ledger</i>	2023/10	3	-	3	-	-
<i>Debtors / income</i>	2023/05	4	4	-	-	-
<i>Cash and Bank / Treasury Management</i>	2023/06	5	5	-	-	-
Information and IT						
<i>IT / Digital Strategy</i>	2023/07	5	5	-	-	-
Other Audit Activities						
Credits audit	2023/02 & 2023/11	14	7	7	-	-
Student Support Funds	2023/03 & 2023/12	16	8	8	-	-
Management and Planning)	2023/01	5	4	1	-	-
External audit / SFC)						
Attendance at Audit & Risk Committee)						
Follow-up reviews	2023/09	2	-	2	-	-
Total		<u>65</u> =====	<u>44</u> =====	<u>21</u> =====	<u>-</u> =====	<u>-</u> =====

Operational Plan for 2023/24

- 5.1 The annual operating plan for the year ended 31 July 2024 would normally be based on a comprehensive Audit Needs Assessment (ANA) and three-year Strategic Plan, which would be prepared following discussion with Board members and managers throughout the College. Given that the College has invoked a two-year contract extension, which takes us beyond the ANA and Strategic Plan 2019 to 2022 (Report 2020/01, finalised 10 September 2019) it was agreed that a full ANA should not be undertaken at this time. Therefore, in common with 2022/33, the proposed draft plan for 2023/24 is therefore based on discussions with the Vice Principal Finance & Resources and consideration of areas of higher risk and need (arising from a review of the College's Strategic Risk Register and previous internal audit coverage)..
- 5.2 An extract from the extended Strategic Plan, in relation to 2023/24, is attached.

Proposed Allocation of Audit Days for 2023/24

	Category	Priority	Planned 23/24 Days
Reputation			
<i>Publicity and Communications</i>	Gov	M	
<i>Health and Safety</i>	Gov	M	
Student Experience			
<i>Curriculum planning</i>	Perf	M	
<i>Quality</i>	Perf	L	
<i>Student support</i>	Perf	M	
<i>Student recruitment and retention</i>	Fin/Perf	H	5
<i>Students Association</i>	Gov	M	
<i>Timetabling and Registers (BPR)</i>	Perf	M	
Staffing Issues			
<i>Staff recruitment and retention</i>	Perf	M/L	
<i>Staff development</i>	Perf	M	
<i>Workforce planning</i>	Perf	M	
<i>Payroll</i>	Fin	M	
Estates and Facilities			
<i>Building maintenance</i>	Fin/Perf	H/M***	
<i>Estates and facilities contract VFM</i>	Fin/Perf	M	
<i>Estates strategy / capital projects</i>	Fin/Perf	H/M***	
<i>Space management</i>	Perf	H	6
<i>Asset / fleet management</i>	Perf	M	
Financial Issues			
<i>Budgetary control</i>	Fin	H	
<i>Financial planning</i>	Fin	H	
<i>Student fees and contracts / registry</i>	Fin	M	
<i>General ledger</i>	Fin	M	
<i>Procurement and creditors / purchasing</i>	Fin	M	
<i>Debtors/ Income</i>	Fin	M	
<i>Cash & Bank / Treasury management</i>	Fin	M	
Commercial Issues			
<i>Business Development</i>	Fin/Perf	H/M	
<i>International Activities</i>	Gov/Fin/Perf	M	
<i>ASET</i>	Gov/Fin/Perf	H/M	6



	Category	Priority	Planned 23/24 Days
Organisational Issues			
<i>Risk Management*</i>	Perf	M	
<i>Business Continuity*</i>	Perf	M	
<i>Corporate Governance</i>	Gov	M	
<i>Corporate Planning</i>	Perf	M	6
<i>Performance reporting / KPIs</i>	Perf	M	
<i>Partnership Working</i>	Gov/Perf	M	
<i>Equalities</i>	Gov	M	
<i>Environmental Sustainability</i>	Gov	M	5
Information and IT			
<i>IT network arrangements**</i>	Perf	M	
<i>BYOD VFM</i>	Perf/Fin	M	
<i>Data protection**</i>	Gov	H	
<i>FOI</i>	Gov	L	
<i>Systems development / implementation</i>	Perf	M	
<i>Website delivery project VFM</i>	Perf / Gov	M	
<i>IT / Digital strategy</i>	Perf	M	
<i>IT operations</i>	Perf	M	
Other Audit Activities			
Credits audit		Required	7
Student Support Funds		Required	8
Management and Planning)			5
External audit / SFC)			
Attendance at Audit & Risk Committee)			
Follow-up reviews		Various	2
Audit Needs Assessment			
Total			<hr/> 50 =====

Key

Category: Gov – Governance; Perf – Performance; Fin – Financial

Priority: H – High; M – Medium; L – Low

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Our ref: ABER296/DA/STI

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

27 November 2023

Dear Sir or Madam

**North East Scotland College
Discretionary Fund, Childcare Fund and Bursary Return 2022/23**

On behalf of our above named client, we attach the audited Discretionary Fund, Childcare Fund and Bursary Return for the academic year 2022/23.

As referred to in our Auditor's Report we have the following observations to make arising from our audit work.

Included in the final FES under Further Education Discretionary Fund expenditure are payments of £500 each to two international students. It was established that these payments had been made from the Student Awards Agency for Scotland (SAAS) International Students' Emergency Fund and the £1,000 total had been incorrectly classified in the financial ledger and on the FES. The students were not eligible for funding from the Further Education Discretionary Fund.

For students with children using the College Nursery in Fraserburgh and who had applied for Childcare funding, the College makes a recharge to the Childcare Fund based on the total invoiced cost from the Nursery service provider plus a share of relevant College estates and equipment costs, apportioned to the Nursery based on area (sq. m). The College has identified 15 funded children using the College Nursery during 2022/23 and a recharge has been made to the Childcare Fund of £15,033 each. Our sample testing of students in receipt of Childcare funding included seven students with children using the College Nursery. We noted that one of these students last attended their course on 17 February 2023 (as per their FES end date), although they had not been fully withdrawn until 29 May 2023, which represented a significant delay in withdrawing the student and resulted in a full year's recharge of £15,033 being made to the Childcare Fund. Based on the student's actual attendance for 5.5 months, the recharge would only have been £8,268. A second student in our sample was only entitled to 20% of Childcare costs under College policy due to their level of income. A full recharge of £15,033 had also been made to the Childcare Fund for this student rather than £3,007 (20%) per College policy. We understand that the student contributed £2,368 by deduction made from their Bursary award.

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Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis
Director
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

Our ref: ABER296/DA/STI

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

18 October 2023

Dear Sir or Madam

**2022/23 Education Maintenance Allowance
North East Scotland College**

In accordance with the Scottish Funding Council's EMA audit guidance we attach an 'Auditors' Report' in relation to the above College's EMA Academic year-end statement for 2022/23 (copy attached).

As referenced in our Auditors' Report, we have one reservation to make arising from our audit work. Maintenance payments made by the College during 2022/23 totalled £263,250 against £264,090 claimed on the monthly EMA returns. As agreed with the SFC the overclaim of £840 has been recovered by offset against an administration claim of £480 made on the July 2023 return with the balance deducted from the September 2023 maintenance claim.

As noted in our covering letter last year, the maintenance adjustment of £120 made in October 2022 for a 2021/22 underclaim should only have been £30.

Should you have any queries regarding the attached please do not hesitate to contact us.

Yours faithfully



Stuart Inglis
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Chartered Accountants
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Our ref: ABER296/DA/STI

Your ref:

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

18 October 2023

Dear Sir or Madam

**North East Scotland College: Education Maintenance Allowance Return
Auditors' Report to the Scottish Funding Council (SFC) for the period from 1 August 2022
to 31 July 2023**

We have examined the books and records of the above College, including evidence of checks of five per cent of applications and payments, with a sample size appropriate to the total number of applications, and have obtained such explanations and carried out such tests as we considered necessary.

On the basis of our examination and of the explanations given to us, we report that, subject to the reservations set out in our letter dated 18 October 2023, the information set out in these forms is in agreement with the underlying records.

We also report that, in our opinion, the College used these funds in accordance with the SFC's conditions and the principles of the Education Maintenance Allowance programme.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

Yours faithfully



Stuart Inglis
Director
For and on behalf of Henderson Loggie LLP
Chartered Accountants
Dundee Office
stuart.inglis@hlca.co.uk

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College: NESCOL
AY 2022-23

College	Full Time students		Part Time Students						Maintenance		Administration				Payments made to College				
	No of claims FT	Total maintenance FT	No of claims PT	Total maintenance PT	Total Maintenance	Admin Claim (Jan,Feb,July)	Headcount (Oct)	Notes	College Maintenance Adjustment	SubTotal Maintenance (=F+K)	College Administration Adjustment	Annual Admin payment to be made 2023	Total EMA Admin (=G+S+T)	Total EMA Spend (=L+U)	Month	Administration	Maintenance	Total	Balance
August 2022	0	£0	0	£0	£0	£0	0		£0	£0	£0	£0	£0	£0	August 2022	£0	£0	£0	£0
September 2022	0	£0	0	£0	£13,530	£0	0		£0	£13,530	£0	£0	£0	£13,530	September 2022	£0	£13,530	£13,530	£0
October 2022	0	£0	0	£0	£10,680	£0	0		£120	£10,800	£0	£0	£0	£10,800	October 2022	£0	£10,800	£10,800	£0
November 2022	0	£0	0	£0	£32,100	£0	0		£0	£32,100	£0	£0	£0	£32,100	November 2022	£0	£32,100	£32,100	£0
December 2022	0	£0	0	£0	£31,140	£0	0		£0	£31,140	£0	£0	£0	£31,140	December 2022	£0	£31,140	£31,140	£0
January 2023	0	£0	0	£0	£25,290	£0	0		£0	£25,290	£0	£0	£0	£25,290	January 2023	£0	£25,290	£25,290	£0
February 2023	0	£0	0	£0	£32,310	£5,010	334		£0	£32,310	£0	£0	£5,010	£58,320	February 2023	£5,010	£53,310	£58,320	£0
March 2023	0	£0	0	£0	£33,990	£0	£0		£0	£33,990	£0	£0	£0	£12,990	March 2023	£0	£12,990	£12,990	£0
April 2023	0	£0	0	£0	£16,290	£0	0		£0	£16,290	£0	£8,000	£8,000	£24,290	April 2023	£8,000	£16,290	£24,290	£0
May 2023	0	£0	0	£0	£29,220	£0	0		£0	£29,220	£0	£0	£0	£29,220	May 2023	£0	£29,220	£29,220	£0
June 2023	0	£0	0	£0	£39,540	£0	£0		£0	£39,540	£0	£0	£0	£39,540	June 2023	£0	£39,540	£39,540	£0
July 2023	0	£0	0	£0	£0	£0	32		£0	£0	£0	£0	£0	£0	July 2023	£0	£0	£0	£0
Totals	0	£0	0	£0	£264,090	£5,010	366		£120	£264,210	£0	£8,000	£13,010	£277,220		£13,010	£264,210	£277,220	£0

Principal's declaration

I certify that the funds claimed by this college throughout the academic year, as detailed above, have been used in line with the requirements of the EMA programme.
I confirm that 5% of applications have been checked for compliance with the programme and are enclosed as evidence in support of this return.

Principal's name (please print)

NEIL COWIE

Principal's signature



Date

20/09/2023