

Board of Management Audit & Assurance Committee

Date of Meeting	Tuesday 5 December 2023
Paper No.	AAC2-F
Agenda Item	5.4.2
Subject of Paper	Internal Audit Report – 2022-23 Student Support Funds
FOISA Status	Disclosable
Primary Contact	Henderson Loggie
Date of production	22 November 2023
Action	For Discussion and Decision

1. Recommendations

The Committee is asked to consider and discuss the report and the management responses to the internal audit recommendations.

2. Purpose of report

The purpose of this review is to provide management and the Audit and Assurance Committee with assurance on key controls relating to the curriculum and financial plans in place for City of Glasgow College and their alignment with the regional plan for Glasgow and the college student number targets.

3. Key Insights

This internal audit of 2022-23 Student Support Funds provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

The Report includes a number of audit findings which are assessed and graded to denote the overall level of assurance that can be taken from the Report. The 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.

4. Impact and implications

Refer to internal audit report.

City of Glasgow College

2022/23 Student Support Funds

Internal Audit report No: 2023/11

Draft Issued: 14 November 2023

Final Issued: 22 November 2023



Contents

		Page
Section 1	Management Summary	
	<ul style="list-style-type: none">• Introduction• Audit Scope• Audit Objectives• Audit Approach• Action Plan• Findings and Conclusions• Acknowledgements	 1 1 2 2 2 2 - 4 4
Section 2	Action Plan	5 - 6
Appendices		
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	



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 Fund.

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



Findings and Conclusions (Continued)

In our covering letter to the SFC enclosing the audited Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return, we noted one observation arising from our audit work. For all 14 Bursary students in our sample testing who had been awarded study costs payable directly to the College, we noted that the amount claimed in the FES was higher than the projected kit cost for the course per College Course Materials records. From more detailed testing of a sample of three courses we noted that an element of this difference related to additional study costs, such as a uniform being purchased for a student over and above the standard kit for the course. However, our testing also identified that a more significant element of the difference related to invoiced costs for all students on a course being split between Bursary students only, thus inflating the charge to the Bursary fund. The overcharge for our sample courses / invoices amounted to 22.75% and extrapolating this to the total study costs claimed gives a potential error of approximately £83,000.

Recommendation

R1 Ensure that study costs claimed in the FES for Bursary students are not inflated by a share of costs for non-Bursary students.

In our covering letter to SAAS enclosing the audited Higher Education Discretionary and Childcare Fund Return we noted one observation arising from our audit work. The College does not operate a separate interest-bearing bank account for the Fund and all transactions are through the College's main bank account. The College uses the Government banking service for all of its financial transactions, on instruction from the SFC, and this account does not pay interest.

An observation was also made in our Auditors' Report for the Education Maintenance Allowance Return. The College made EMA payments totalling £383,460 to students during 2022/23 however only £383,340 was claimed on the monthly returns to the SFC (excluding £80 underclaimed for 2021/22). The £120 underclaimed for 2022/23 has been included on the monthly return for August 2023.

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

Bursary Return – Additional Support Needs (ASN) Costs

Two students in our Bursary sample received ASN taxis. Although we were able to agree the cost of the travel to purchase invoices, we were not able to agree these in full to the Bursary costs in the ledger. It was established that the College does not match up individual students and purchase invoices, and an overall adjustment is made to agree the ledger to what the Student Funding team advise is the final position for the FES. Invoices not coded to Bursary will be in student development codes which is a cost to the College. The journal transfers are between these codes.

Two ASN taxi invoices were selected at random from the ledger and we found that one did not relate to the 2022/23 academic year (invoice total £2,486.22 from 31 May 2022). When queried, the College explained that this was an error and should not have been included in the claim for 2022/23. After further investigation of the ledgers, there was one other instance found where an invoice from the same supplier did not relate to 2022/23.

There were six students in our Bursary sample in receipt of other ASN costs, mainly Education Support Worker (ESW) time. We were able to agree all six students to supporting evidence provided. This included a spreadsheet listing ESW hours spent by day / time, which was priced up at any hourly rate for each support worker. We were able to verify a sample of hours to staff timesheets. It was not however possible to agree each individual students ESW costs to the ledger (only one of six agreed) as only some entries in the ledger had the students name against them. Similar to ASN taxis, we were advised that the College does not match up individual students and ESW time charged, an overall adjustment is made to agree the ledger to what the Student Funding team advise is the final position for the FES.

Recommendation

R2 The College should ensure that Bursary ASN costs claimed on the FES for individual students are supported by an audit trail through to the ledger.



Findings and Conclusions (Continued)

Bursary Return – Additional Support Needs (ASN) Costs (continued)

Evidence was provided to us for the ESW hourly rates. All but three of the rates were explained as coming directly from the College Salary scales. The other three rates, although not unreasonable, could not be explained as the Learning Support Coordinator who initially set them up has left the College.

Recommendation

R3 Ensure all ESW rates reflect each employee's current pay from the College Salary scale.

Education Maintenance Allowance (EMA) Spot Checks

SFC EMA spot check guidance recommends that the testing is carried out by staff who are independent of the student support administration. The College's spot checks are performed by the Student Support and Wellbeing Administrative Officer, who would not be considered independent in terms of the SFC guidance.

All testing was carried out on 2 & 3 March 2023. The SFC guidance suggests that testing should be carried out throughout the year to give regular and timely updates on the operation of the systems. This should also ensure that any problem areas will be identified early in the year.

Recommendation

R4 Ensure that EMA spot check testing of 5% of applications is carried out independently of the student support team, and throughout the year to give regular and timely updates on the operation of the systems.

Education Maintenance Allowance (EMA) Attendance

Per the SFC EMA Guidance 'Students must have 100% agreed attendance to receive the weekly payment, and any absences authorised by the college should be treated as a day of attendance. Colleges are reminded that authorised absences are permitted and that they may exercise flexibility when considering the attendance criteria for vulnerable students. This flexibility should be considered on a case-by-case basis and be part of the learning agreement.'

Four of the students in our sample received payments despite having one or two unnotified absences in the two weeks prior to the week of payment. Management advised that the College does monitor student attendance on a regular basis, however it is recognised that students may need to have periods of absence and the College uses discretion to determine what absences will be accepted and consider the student's wider circumstances. Students who are having difficulties in meeting attendance criteria are offered pastoral care and support before punitive and / or disciplinary measures (including reductions in student support) are put in place.

Looking at the four students in our sample in more detail we noted that three had either notified absences or were present in College later in the day, which supported full payment of EMA. The other student had two unnotified absences on one day but otherwise attended in full.

Recommendation

R5 Where students are shown as having unnotified absences in the attendance system, but EMA is to be paid in full, the College should add a brief note on the system to support the authorisation of the absence.

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	<p>Bursary Return – Course Materials</p> <p>R1 Ensure that study costs claimed in the FES for Bursary students are not inflated by a share of costs for non-Bursary students.</p>	2	The College will ensure that course materials are correctly recorded on our systems whether through Bursary or FEDF. Our Tequios student funding system has been updated with a sub fund created against the FEDF for course materials and systems in place to identify what students are eligible for bursary course materials and FEDF course materials.	Yes	Head of Student Recruitment and Funding	31 January 2024
3	<p>Bursary Return – Additional Support Needs (ASN) Costs</p> <p>R2 The College should ensure that Bursary ASN costs claimed on the FES for individual students are supported by an audit trail through to the ledger.</p>	2	The College will reconcile individual student costs on the finance ledger to the FES return.	Yes	Head of Finance	31 March 2024
4	<p>R3 Ensure all ESW rates reflect each employee’s current pay from the Salary scale.</p>	3	Student Development team have updated systems and processes to ensure ESW rates reflect each employee’s current pay.	Yes	Head of Student Development	31 March 2024



2022/23 Student Support Funds

Page Ref.	Recommendation	Grade	Management Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date
4	<p>Education Maintenance Allowance (EMA) Spot Checks</p> <p>R4 Ensure that EMA spot check testing of 5% of applications is carried out independently of the student support team, and throughout the year to give regular and timely updates on the operation of the systems.</p>	3		Yes	Head of Student Recruitment and Funding	31 March 2024
4	<p>Education Maintenance Allowance (EMA) Attendance</p> <p>R5 Where students are shown as having unnotified absences in the attendance system, but EMA is to be paid in full, the College should add a brief note on the system to support the authorisation of the absence.</p>	3	Update to systems and processes and in accordance with Student Funding Attendance Monitoring process.	Yes	Head of Student Recruitment and Funding	31 March 2024



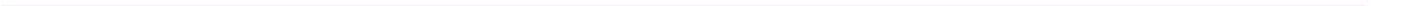
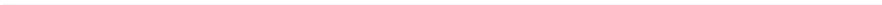
Appendix I – Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate



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



Appendix III – Education Maintenance Allowance Return and Audit Certificate



Aberdeen 45 Queen's Road AB15 4ZN

Dundee The Vision Building, 20 Greenmarket DD1 4QB

Edinburgh Ground Floor, 11-15 Thistle Street EH2 1DF

Glasgow 100 West George Street, G2 1PP

T: 01224 322 100

T: 01382 200 055

T: 0131 226 0200

T: 0141 471 9870

F: 01224 327 911

F: 01382 221 240

F: 0131 220 3269

Henderson Loggie LLP is a limited liability partnership registered in Scotland with registered number SO301630 and is a member of PrimeGlobal, a global association of independent accounting firms, the members of which are separate and independent legal entities. Registered office is: The Vision Building, 20 Greenmarket, Dundee, DD1 4QB. All correspondence signed by an individual is signed for and on behalf of Henderson Loggie LLP. Reference to a 'partner' is to a member of Henderson Loggie LLP. A list of members' names is available for inspection at each of these addresses.

