Board of Management

Audit & Assurance Committee

Date of Meeting	**Tuesday 3 September 2024**
Paper No.	**AAC1-I**
Agenda Item	**5.4.3**
Subject of Paper	**Internal Audit Report – Student Fees**
FOISA Status	**Disclosable**
Primary Contact	**Henderson Loggie**
Date of production	**August 2024**
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 Student Fees 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.

Appendix – Internal Audit Report – Student Fees

City of Glasgow College

Student Fees

Internal Audit report No: 2024/12

Draft issued: 23 August 2024

Final issued: 26 August 2024

Student Fees

Level of Assurance

In addition to the grading of individual recommendations in the action plan, audit findings are assessed and graded on an overall basis to denote the level of assurance that can be taken from the report. Risk and materiality levels are considered in the assessment and grading process as well as the general quality of the procedures in place.

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.

Action Grades

Priority 1	Issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance 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.

Management Summary

Overall Level of Assurance

Good	System meets control objectives.

Risk Assessment

This review focused on the controls in place to mitigate the following risks on the City of Glasgow College Strategic Risk Register (as at December 2023):

- SR23 – Failure to secure a sustainable model / level of funding (Residual Risk = 12)

Background

As part of the Internal Audit programme at City of Glasgow College for 2023/24, we carried out a review of the systems in place for Student Fees. The Annual Plan, agreed with management and the Audit and Assurance Committee, identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Assurance Committee that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

In 2022/23 student fee income (including education contracts) totalled £18.375m (2021/22 - 17.353m); which is made up of £8.002m (£8.802m) from Higher Education (HE) students, £0.920m (£0.656m) from Further Education (FE), £1.955m (£1.748m) for non-EU students, £5.132m (£3.630m) for commercial income generating courses, and £2.366m (£2.517m) for Education Contracts.

The majority of students attending full-time FE courses are not charged a fee. Income is recovered from the Scottish Funding Council (SFC) through the fee waiver grant. The majority of full-time students on HE courses are funded by the Student Awards Agency for Scotland (SAAS). For the remaining full-time students fees are payable by the student or by a sponsor, often the student's employer. All Part Time students are required to pay fees, however some may be entitled to have this fee waived if they meet certain criteria and are in receipt of a qualifying benefit. Overseas students pay higher fees than students from Scotland.

Scope, Objectives and Overall Findings

The main purpose of this review was to ensure that the policies, procedures and processes in place within Management Information Systems (MIS) and Finance for recording, processing, invoicing and receiving of student fees are effective.

The table below notes each separate objective for this review and records the results:

Objective	Findings			
The objective of our audit was to:		**1**	**2**	**3**
		No. of Agreed Actions		
1. Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS	**Good**	0	0	0
2. There is accurate and timely transfer of data between the student records system and the finance system, and regular reconciliation between the systems	**Good**	0	0	0
3. All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified	**Good**	0	0	0
4. Adequate debt management and recovery procedures are in place and are consistently followed in practice	**Good**	0	0	0
Overall Level of Assurance	**Good**	**0**	**0**	**0**
		System meets control objectives.		

Audit Approach

Through discussion with MIS and Finance staff we identified the key internal controls in place within the College's student fees process and compared these with expected controls.

Compliance testing was then be carried out where necessary to ensure that the controls in place were operating effectively.

Summary of Main Findings

Strengths
- The College maintains numerous guidance documents relating to the admission and enrolment of students, including an Admissions Procedure (last updated in January 2024) and a separate Enrolment Procedure, which has been reviewed and updated for the 2024/25 academic year. These documents provide detailed guidance and responsibilities to support these areas of the process.
- Enrolment is completed online by students. A link to the enrolment website is sent automatically once a student has accepted an offer on a course, in advance of the course commencing. Clear instructions are provided to students.
- Student services highlight on enrolment class lists where information has not yet been submitted. This allows curriculum teams to take steps to gather enrolment information as required.
- Finance staff are responsible for checking the finance source of each student after enrolment, to ensure that it is accurate and aligned with other information provided. Finance manually amend the finance source field on the finance system where any differences are identified.
- A Student Fees project is currently in development to allow automation of student fee checks and to reduce the frequency of manual checks by Finance staff. This is currently being tested for full implementation in academic year 2025/26.
- Data transfer is completed between the finance and student record systems via a standard template embedded in the finance system. Transfers are completed after each batch of invoices is raised and checks are performed once the transfer has been completed.
- Invoices are automatically raised through the finance system integrator function
- The College maintains a Student Recruitment Plan, which maps agreed fees with each of the courses to ensure that students invoices are aligned with agreed rates. The plan is updated annually.
- During testing of student fee invoices, we established that fees has been correctly raised in all instances in line with the fees set out by SFC, SAAS or individual arrangements with the College
- Through fee waiver testing we were able to confirm that the College obtains appropriate information at the enrolment stage to identify students eligible for fee waivers
- The College maintains high level debt collection procedures, which are set out within the Income Collection Procedure (April 2024) under section 13 – Debtor Control. This describes responsibility for progressing debt management action and the actions that should be undertaken at specific points in the ageing of a debt. From testing of a sample of student fee debts we determined that appropriate debt management processes had been followed in all cases.
- It was established that debt write off is reviewed on a quarterly basis and are processed annually, ensuring that debts that are no longer deemed feasible or economically viable to recover are processed appropriately.

Weaknesses
- No significant weaknesses were identified as part of our review.

Acknowledgment

We would like to take this opportunity to thank the staff at City of Glasgow College who helped us during the course of our audit visit.

Main Findings and Action Plan

Objective 1 - Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS

The College maintains an Admissions Procedure, which was last reviewed in January 2024. The procedure provides detailed guidance about student recruitment, selection criteria, processing of applications with consideration to types of applicants such as international, under 16 etc., and monitoring and measuring.

The academic year runs from August to July, with student intakes in August and January of each year. The College opens applications for potential students at specific times of year, relating to the August and January intakes. For courses beginning in august, the application process begins in January, and for courses beginning in January, the application process begins in October.

At application stage, all applications are screened to assess if residency criteria is met. Evidence of residency must be provided to ensure that students are eligible to study on the course they have applied for, and to assist with student funding during enrolment. Once an application is processed, a potential student will go through an interview process to determine their suitability for the course. At this stage offers will be made to students who meet the criteria

Once an offer has been made, the student services team will monitor applications for acceptances and declines, reassessing applications from a reserve list if required. Any applicants with conditional or unconditional offers will be invited for induction and enrolment, with joining instructions and other appropriate pre-enrolment information to be issued by the third week of July. This is to allow sufficient time for the student to complete the enrolment process and for the information to then be processed by the College ahead of the course beginning.

Student services will highlight on the enrolment class lists where information has not yet been submitted, with curriculum teams responsible for review of qualifications prior to enrolment. Student Services support the enrolment process by providing a schedule with enrolment dates and times.

Student Fees

Objective 1 - Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS (continued)

The College also maintains an Enrolment Procedure (undated but updated for 2024/25). The procedure sets out key staff and responsibilities including:
- Associate Director Student MIS – overseeing the process
- Chief Financial Officer – Maintaining financial viability, monitoring student enrolments and associated income and costs
- Faculty Dean – Ensuring Student Recruitment Plan is accurate and monitoring enrolments against targets for advising the Chief Financial Officer
- Associate Dean - Ensuring Student Recruitment Plan is accurate and monitoring enrolments against targets for advising Faculty Dean
- Curriculum Head - Determining the max enrolments for courses, ensuing courses are accurate, assuring students are correctly enrolled
- Student Records Manager – Communicating and implementing enrolment processes
- Information Systems Development Manager – Updating and maintaining enrolment software
- Faculty Business Manager/Faculty Administration – Enrolling 'late starts' and using student enrolment cards

The procedure details the full enrolment process for all student types including Full Time, Part Time, late enrolments and other enrolments. From discussion with MIS staff, it was noted that the majority of enrolments are for full time courses beginning in August of each year. Enrolment information for full time students and the majority of part time is sent through a link via email which the student must complete. This includes all key information about the student including source of finance. Students enrolled in nautical course enrol on one course and are then auto enrolled onto all other courses by faculty staff.

Part time students on evening leisure-based courses pay for, and are enrolled on the course, during the application process, which is completed via the College website.

During our discussions it was established that while the finance source is recorded during the enrolment process, this information is completed by students themselves who many incorrectly input data or be unsure of their finance source. In some cases, students may believe that they are eligible for funding from SAAS or SFC, but may ultimately not be eligible, resulting in a subsequent change of fee source. The Finance team are ultimately responsible for checking fee data and manually check each student record during the fee process to ensure that the correct source of finance is applied. This process is largely manual at the moment, with members of the Finance team physically checking each student record. However, a fees project is currently being trialled to automate this process where possible. Using a process called business logic, key information such as course, age and domicile will be considered, and a student fee source automatically allocated. This new process is currently in development and is running alongside the standard manual process to assess accuracy and make amendments where required. It is hoped the process will be fully introduced in the 2025/26 academic year, at which point weekly sample spot checks will be undertaken to ensure that the correct fee source has been applied, allowing any amendments to be made as necessary.

Student Fees

Objective 2 - There is accurate and timely transfer of data between the student records system and the finance system, and regular reconciliation between the systems

The student record system utilised by the College is Unit-E. As described under Objective 1, information from application and enrolment is recorded is Unit-E against each student record. The key finance system, BluQube, is separate to the student record system and therefore data needs to be transferred and reconciled between the two systems. The Finance system has the ability to automatically create invoices using information held in the system using a system called Integrator. The only exception to this is one-off or bulk invoices which must be processed manually. Once invoices have been raised, this information can be transferred to Unit-E using a template in the BluQube system. Once a batch of invoices has been raised, these are uploaded into the templates by Finance staff and are transferred to Unit-E using a patch created by IT called Enquirer.

Once transferred, staff from Student Services send an email to Finance to confirm the completion of the data transfer. Finance are then able to run a report from Enquirer to check that all data has been correctly transferred between the systems. Transfers and checks are run each time a batch of invoicing is completed.

Student Fees

Objective 3 - All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified

The College maintains an Income Collection Procedure (April 2024), which is designed to ensure that all sources of income are collected in the appropriate timescale, are fully reconciled, and are monitored and recorded accurately. As described within the policy, the Chief Financial Officer has overall responsibility, and the Finance Manager is responsible for the operational management of income collection.

Tuition fee rates are reviewed each year, based on information received from the SFC and SAAS. These rates are presented to and approved by the Finance Committee and are then applied to the College's relevant course provision, and the appropriate fee is assigned to each course, which is then incorporated in the Student Recruitment Plan.

For courses where there are no entry requirements, such as leisure courses, some distance learning, evening and weekend courses, applicants may book directly onto a course. In these instances upfront payment is required and can be made via the following methods:
- Online – debit and credit cards only
- Telephone - debit and credit cards only
- Visit to finance department – all payment methods including cash and cheque

Courses that have a fee under £200 require to be paid in full. For courses with fees of over £200, it may be possible to enter into a payment plan agreed with Finance. In these instances, a minimum deposit of £200 is required, and the balance must be paid by December.

It was noted during our interviews that students may be eligible for fee waivers or financing from an alternative source - such as an employer. However, due to system limitations it is not possible to book onto courses through the website unless the fee is being directly paid by the student. In these instances, enrolments must be processed manually via telephone or in person.

As part of our testing, we selected a sample of 25 student fees from the 2023/24 academic year drawn from a report produced by Unit-E, the student records system. These were split as five students which were funded by SAAS, five students funded by Government Training Credits or Public Bodies, five students funded by their employer, and 10 students which were self-funded, with five based on the Scottish home rate, and five on the full international rate. We first compared the finance source logged on the Unit-E report to the actual finance source as per the finance system. We found that in 15 instances, the finance source agreed with no issues identified, however for the remaining 10 fees, there were differences between the finance source on Unit-E and the finance system. This was discussed with the finance team and it was noted that the finance source on Unit-E is the finance source input by the student during enrolment. However, due to errors by students or changes in circumstances, the finance source may change before or when the fee is raised. It was established that the finance team review the finance source for every student prior to the fee being raised to ensure the correct finance source is applied, however they are unable to edit the Unit-E record. As such there are occasionally differences but it was confirmed that in all cases, the actual finance source used by finance is correct.

Student Fees

<div style="background-color:#f5d58a; padding:1em;">

Objective 3 - All fees are fully and correctly invoiced and processed for self-financing students and sponsored students. Fee-waiver students are appropriately identified (continued)

We reviewed copies of invoices for 19 of the sampled fees. It should be noted that no invoices were available for the remaining six fees samples but reasonable explanations were provided by Finance for each of these six instances. One fee related to an evening course, which as noted above is paid for at the time of application and enrolment, and as such no invoice is issued. Four of the fees were funded via the Future Workforce development fund (FWDF) and as such no invoice is raised for these. In the final instance, the fee related to professional development for a member of staff and as such the cost was borne by the College.

Of the 19 invoices which were reviewed, we agreed 13 of these to the amounts in the Unit-E report used for sampling with no issues. Of the remaining six we identified differences between the invoice amount and the report amount but received reasonable explanations in each case. For three of the invoices, it was noted that a home fee was recorded on the Unit-E report, however the student was not eligible for a home fee rate and an international rate fee was correctly raised. It was established through discussion with finance staff that Unit-E defaults to a home fee for certain courses and these need to be manually reviewed and updated by the finance team during the invoice process. For one invoice, the student had previously enrolled on and paid fees for the course in 2018 however due to personal circumstances had been unable to attend. Instead, the payment made in 2018 was deducted against the fees for the course they enrolled on in 2023/34 and invoice raised for the balance .In a further instance, the student was enrolled on a flexible open learning programme which h can be completed over multiple years. A fee is input into Unit-E, however the student may only opt to complete certain parts of the course and therefore invoices are raised only for the parts they choose to complete in any given year, creating a difference is the amount input on Unit-E. In the final instance, an amount of £15,000 was input to Unit-E as a placeholder as the final fee had not yet been agreed at the time of enrolment. During the year a fee of £14,066.50 for seven students was ultimately agreed, resulting in an actual fee of £2,009.50 per student.

For each of the invoices we also performed testing to ensure that the amount raised was in line with the agreed fees for 2023/24. As noted above under Objective 1, fee rates are reviewed each year based on information received from the SFC and SAAS. These are recorded in the Student Recruitment Plan, a spreadsheet document which maps the agreed fee to the relevant course. For the invoices in our sample we were able to agree the fee to either the rates set out by SFC, SAAS, or within the Student Recruitment Plan with no issues identified.

We also performed testing to ensure that fee waiver students are appropriately identified. We selected a sample of 10 students who had a fee waiver finance source and ensure that enrolment information agreed to the fee waiver classification. We noted that in two instances, the type of fee waiver on the report was different to the information to support fee waiver eligibility but as the students are still fee waiver eligible, no issue identified. For the remaining fee waiver students, the support evidence agreed with the fee waiver type recorded against finance source with no issues noted.

</div>

Objective 4 - Adequate debt management and recovery procedures are in place and are consistently followed in practice

High level debt collection procedures are set out within the Income Collection Procedure (April 2024) under section 13 – Debtor Control. The procedure explains that the Finance Manager is responsible for ensuring that sales invoices and reminder letters are produced and sent out in a timely manner. In addition, any outstanding debts are reviewed on a monthly basis by the Head of Finance and the Finance Manager.

Reminder letters are sent out at 30 day and 60 day milestones for invoices that remain unpaid and have passed the agreed payment timescales. During this time, credit control duties are carried out by Finance Assistants via telephone and email contact with debtors. Any outstanding debts over £50 are reviewed by the Finance Manager or Head of Finance and transferred to the College Credit Control partners for further pursual where needed. Any debts that are not being pursued by the Credit Control partners should be reviewed by the Head of Finance for potential write off. Through discussion with finance staff, it was determined that legal action is never taken against students with regards to unpaid tuition fees, however in rare cases this may be applied against organisations. Typically, a local approach is taken with organisations with a series of phone calls and emails in order to maintain business relationships where possible.

As part of our testing we selected a sample of 10 debts relating to student debt – five relating to individual students, and five relating to organisations liable for student debt. For all of the five student debts, we noted that appropriate action had been under taken, with reminder letters sent to each of the students at 30 and 60 day internals in line with the debt management procedure. In one case, a payment plan was arranged with the student and so no further action has been required to progress this case. In three of the cases, the debt has been referred to the credit control partner to progress on behalf of the College. In the final sampled case, the debt is currently being investigated as there was significant impact due to strike action which resulted in the students withdrawal prior to payment.

For the five organisations with student debts, we noted that at the time of our testing, payment had been received in full for one with no escalated action required. For one of the sampled debts, it was established that a PO was received after the invoice was produced, and so the invoice was resent. Updates on payment have been requested and normal debt recovery procedures will be followed as required. Two of the sampled debts relate to numerous invoices for the organisations. In one case, numerous telephone calls and emails were made before receiving a payment for part of the debt. An additional sum has since been received and the remaining amount is to be paid in instalments as agreed with the College. For the other, contact with the organisation failed to result in any payment, and after a significant period of failed collection efforts, the decision was made to escalate the debt to senior management and refer the debt to lawyers to undertake legal action. To date, part of the debt has been repaid, with the balance still to be received. This is to be paid in instalments, with the total sum to be paid by December 2024. For the final sampled debt, normal debt management processes were followed however the organisation queries the debt after receiving the 30-day letter. Debt management procedures were paused as there was a dispute over the invoice amount but this has been settled and the full amount now received by the College.

Once all planned actions relating to a debt have been exhausted and the debt is considered to be economically irrecoverable, it will be considered for write-off. Debt write-off is reviewed on a quarterly basis and is processed annually. A report of all potential write-offs is produced and reviewed by the Head of Finance following discussion with the Finance Controller. The list of proposed debts for wrote off are then approved by the Chief Financial Officer prior to the write-off being processed. During discussion it was determined that write-off of student fees is significant with approximately 1.7% of tuition fees written off. This is being investigated by the College, with attempts to reduce the future level of wite off focused around the increased use of payment plans for self-financing students, recognising that the underlying reason for the level of write off lies in the ongoing cost of living pressures experienced by students.

Henderson Loggie