

Board of Management Audit & Assurance Committee

Date of Meeting	Wednesday 27 November 2024
Paper No.	AAC2-E
Agenda Item	5.4.2
Subject of Paper	Internal Audit Report – Student Support Funds 2023-24
FOISA Status	Disclosable
Primary Contact	Henderson Loggie
Date of production	14 November 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 Support Funds for 2023-24 provides an outline of the objectives, scope, findings and graded recommendations as appropriate, together with management responses. This constitutes an action plan for improvement.

4. Impact and implications

Refer to internal audit report.

City of Glasgow College

2023/24 Student Support Funds

Internal Audit report No: 2024/14

Draft Issued: 7 November 2024

2nd Draft Issued: 14 November 2024

Final Issued: 14 November 2024



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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 in 2023/24 was £5,000 and maximum payable from the Higher Education Discretionary Fund was £3,000. Colleges could award sums above these limits in exceptional circumstances with prior approval from SFC and SAAS respectively.

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 2023/24 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 2024, is in agreement with underlying records.

Audit Approach

The audit approach included:

- Reviewing new guidance from SFC, SAAS and the Scottish Government 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 Assurance 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

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 the following observations as referred to in our audit report.



Findings and Conclusions (Continued)

The signed Student Support Funding Report, which agrees to the College's finance ledger, was run on 18 September 2024 and we noted differences between this, and the Student Support Funding Report included in the final FES submitted on 4 October 2024 and accepted by the SFC. The following explanations for the differences were provided by College management following review:

- **Bursary Special Educational Needs Expenditure £122,774 per final FES, £124,209 per signed report, difference £1,435** – this relates to one Bursary student who was found to be non-fundable and therefore the final FES total of £122,774 is correct.
- **Discretionary Funds Expenditure £3,306,285 per final FES, £3,320,252 per signed report, difference £13,967** – this relates to 33 students who had multiple enrolments, both fundable and non-fundable. The support funds were recorded against the non-fundable enrolments in error for the final FES and should have been recorded against the fundable enrolments and therefore the total of £3,320,252 on the attached report is correct.
- **FE Childcare Fund Expenditure £319,427 per final FES, £324,662 per signed report, difference £5,235** – this relates to one of the 33 students noted above, who was also in receipt of Childcare. The total of £324,662 on the signed report is correct. This student was part-time and not a lone parent and the FE Childcare, Other total of £102,559 on the signed report is correct (disclosed as £97,324 on the final FES).

Recommendation

R1 The College should ensure that final checks are performed on the accuracy of the FES data prior to submitting to SFC. As the FES data contains both Credits and support funds data, any changes made to Credits data should be reviewed to ensure that any impact on support funds data is accurate.

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.

Our Auditors' Report for the **Education Maintenance Allowance Return** was submitted to the SFC with no observations or reservations.

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

Bursary Return – Course Materials

In 2022/23, our covering letter to the SFC included an observation in relation to invoiced study 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. We recommended in last year's Student Support Funds internal audit report that the College should ensure that study costs claimed in the FES for Bursary students are not inflated by a share of costs for non-Bursary students.

Management advised that a monitoring process has been put in place to check what students are eligible for Bursary course materials and what students are not eligible for Bursary, and that the Student Funding team actively chases students that are not eligible and supports applicants to apply for funding from the Discretionary Fund that covers the cost of course materials or invoices the students where necessary.



Findings and Conclusions (Continued)

Our audit testing in 2023/24 noted that although some progress had been made, similar issues remained for three of five courses sampled. Management advised that this was because most course materials for 2023/24 were purchased before last year's recommendation was made. The overcharge for our sample courses / invoices amounted to 4.53% and extrapolating this to the total study costs claimed gives a potential error of approximately £12,700 which is at a much-reduced level to last year. For the purposes of our audit, this overclaim was not material in relation to the total Bursary spend.

We have repeated last year's recommendation as this has only been partially implemented.

Recommendation

R2 Ensure that study costs claimed in the FES for Bursary students are not inflated by a share of costs for non-Bursary students.

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>FES Return</p> <p>R1 The College should ensure that final checks are performed on the accuracy of the FES data prior to submitting to SFC. As the FES data contains both Credits and support funds data, any changes made to Credits data should be reviewed to ensure that any impact on support funds data is accurate.</p>	2	<p>The FES return for both Credit and Support Funds Data will be run concurrently moving forward to prevent any inaccuracies in reporting.</p> <p>The Credits and Support Funds Data will be cross-referenced before the submission to FES for Quarter 1 2024.</p>	Yes	Head of Student Recruitment & Funding and AD Student MIS	30 November 2024
3	<p>Bursary Return – Course Materials</p> <p>R2 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	<p>Since January 2024 a manual check has been in place to make sure students who have not applied for funding, are invoiced by Finance. However, this will be the first academic year using the checks.</p> <p>The first check will be completed in the submission to FES for Quarter 1 2024.</p>	Yes	Head of Student Recruitment & Funding	30 November 2024



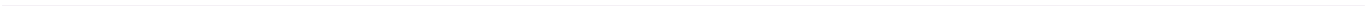
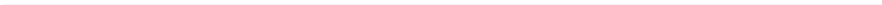
Appendix I – Further Education Discretionary Fund, Further and Higher Education Childcare Fund and Bursary Return and Audit Certificate



**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 2022/23

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2024
<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	<p>Although some progress has been made, similar issues were noted in relation to course materials in 2023/24. See page 3 of the Main Report.</p> <p>Partially Implemented</p>
<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	<p>We were able to trace ASN costs for individual students during our testing for 2023/24.</p> <p>Fully Implemented</p>



2023/24 Student Support Funds

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2024
<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	<p>All rates used for College support staff matched back to 2022/23 salary scales, before the August 2023 pay award.</p> <p>Fully Implemented</p>
<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	<p>Spot checks were undertaken in November 2023 and March 2024 by the Admissions Coordinator. Total of 10.53% applications tested at spot check.</p> <p>Fully Implemented</p>



2023/24 Student Support Funds

Recommendation	Grade	Comments	Agreed Y/N	Responsible Officer For Action	Agreed Completion Date	Progress at October 2024
<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	<p>Six of the nine students in our sample periods tested received payments despite having unnotified absences in the two weeks prior to the week of payment. Looking at these six students in more detail we noted that two were present in College at some point on the same day(s). The other four students had unnotified absences for up to three full days which was within the College policy for 2023/24 of putting payments on hold if contact could not be made with the student after eight days.</p> <p>Last year's recommendation has not been actioned as management was seeking an IT solution and has now advised that the Enquirer system does not allow for notes to be added to support the authorisation of the absence.</p> <p>Considered But Not Implemented</p>



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