

Glasgow Clyde College

Student Fees

Internal Audit Report No: 2017/05

Draft Issued: 12 May 2017

Final Issued: 22 May 2017

LEVEL OF ASSURANCE

Satisfactory

Contents

	Page No.
Section 1	Overall Level of Assurance 1
Section 2	Risk Assessment 1
Section 3	Background 1
Section 4	Scope, Objectives and Overall Findings 1 - 2
Section 5	Audit Approach 2
Section 6	Summary of Main Findings 3
Section 7	Acknowledgements 3
Section 8	Findings and Action Plan 4 - 8

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 College to material risk and which requires to be brought to the attention of management and the Audit 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.

1. Overall Level of Assurance

Satisfactory

System meets control objectives with some weaknesses present.

2. Risk Assessment

This review focused on the controls in place to mitigate the following risks on the Glasgow Clyde College ('the College') Risk Register:

- Failure of College operational processes / systems (net risk score: 12); and
- Cashflow issues (net risk score: 9).

3. Background

As part of the Internal Audit programme at the College for 2016/17 we reviewed the systems and key internal controls in place within the College in relation to student fees. Our Audit Needs Assessment, completed in March 2016, identified this as an area where risk can arise and where internal audit can assist in providing assurances to the Board and the Principal that the related control environment is operating effectively, ensuring risk is maintained at an acceptable level.

The majority of students attending full-time further education courses are not charged a fee. Income is recovered from the Scottish Funding Council (SFC) through the grant-in-aid. The majority of full-time students on higher education courses are funded by the Student Awards Agency for Scotland (SAAS). For the remaining students, fees are payable by the student or by a sponsor, often the student's employer. Students liable to pay part-time fees can claim exemption if they are able to provide evidence of entitlement to specific benefits or have household income below set thresholds, and the fee income is recovered through the grant-in-aid or SAAS part-time fee grant. Overseas students pay higher fees than students from Scotland or the European Union.

4. Scope, Objectives and Overall Findings

The main purpose of this review was to ensure that the policies, procedures and processes in place within the Management Information Systems (MIS) Department 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:

4. Scope, Objectives and Overall Findings (continued)

Objective	Findings			Actions already planned	
	1	2	3		
The objectives of this audit were to obtain reasonable assurance that:	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.	Satisfactory	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.	Satisfactory	0	0	0	✓
Overall Level of Assurance	Satisfactory	0	0	0	
System meets control objectives with some weaknesses present.					

5. Audit Approach

From 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. We have reported on areas where expected controls could be further strengthened.

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

6. Summary of Main Findings

Strengths

- The enrolment process ensures that information provided by students is reviewed for accuracy by experienced members of staff. This in turn results in students being assigned the correct source of fees code from the outset in the vast majority of cases.
- For a sample of students tested, we found that fee invoices had been raised within the finance system which matched the information recorded within the student records system.
- Assigning 'pre-enrolled' status to students whose fee source has not been confirmed, and reporting on these students, ensures that the College keeps under review students who have still to receive confirmation of their source of fees.

Weaknesses

- The manual process for raising fee invoices on the finance system, using data from the student records system, is less efficient than an electronic process would be and also increases the risk of manual input errors occurring. This issue will be resolved when the new finance system is implemented as it is envisaged that data will be transferred electronically from UnitE for the purposes of raising fee invoices.
- The current debt management system involves checking of aged debtors on a monthly basis and manual production of reminder letters. This manual process can result in reminder letters not being issued in line with the timescales set out in the College procedure. Going forward this issue will be resolved as the new finance system will allow for automatic generation of reminder letters.

7. Acknowledgements

We would like to take this opportunity to thank the College's staff that helped us during the course of our audit.

8. 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.

Students are enrolled with the help of staff from MIS and Finance. A session is organised for each class to enrol as part of their course induction. Enrolment forms are largely paper based. Once these paper forms have been completed, with the assistance of College support staff who will answer student queries and check for accuracy, they are entered onto UnitE (the student records system). Further information in UnitE may also have been pre-populated from either the student's College application or previous information provided if they are a returning student. MIS staff check that this information is consistent with the information provided at enrolment.

Where a student is not paying their own fees, supporting evidence should be provided to MIS staff. For example, a confirmation letter from the Student Awards Agency for Scotland (SAAS), fee waiver evidence or authorisation from an employer to charge them for the fees. MIS staff record the evidence that they have reviewed within the notes section of the enrolment form. There is no requirement for a copy of the evidence examined to be retained on file. Residency evidence may also be requested if it is unclear whether a student meets the full-time fee-waiver criteria from the information provided. Until this has been provided, the student will be set to 'pre-enrolled' on UnitE. This flag ensures that students' fee statuses are not confirmed without provision of appropriate evidence.

For a sample of 25 students, across different categories of fees, we reviewed the student enrolment form to ensure that the information provided was consistent with the final source of fee assessment recorded within UnitE and that where the source of fee required additional evidence, such as employer authorisation or evidence of fee waiver status, we reviewed the supporting evidence held by the College. No issues were noted during the testing.

We reviewed a report produced from UnitE for exceptions where the source of fee appeared inconsistent with other information on the report. Within the students listed as full-time non-advanced (further education) fee waiver on UnitE we found four students studying higher education courses and one student listed as part-time. The four students on higher education courses had been recorded incorrectly. However, these students were SAAS funded and as a result there was no impact on fees as monies had been received from SAAS. The part-time student had accidentally been enrolled on a course that was used for recorded applications only and had also been enrolled on their actual course of study with the correct fee code. This again had no impact on fees raised. At a later stage of the year these errors would have been identified by the exceptions reports used by MIS when finalising the 2016/17 further education statistical (FES) return.

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.

It was noted that there is no electronic transfer of data between UnitE and the finance system, Dream, nor reconciliation between the systems. All fee invoices are raised manually within Dream, based on the enrolment information provided by the student. The completeness of invoicing is controlled through initially marking students on UnitE as pre-enrolled (refer Objectives 1 and 3). Based on the testing we have carried out, detailed throughout this report, we did not note any issues where the invoices raised within the finance system appeared inconsistent with the information in UnitE and as a result we are satisfied that information is being accurately input within the finance system.

The College will be implementing a new finance system, due to go live in August 2017. It is intended that the new finance system will draw information directly from UnitE, which will allow for more efficient invoicing of students and reconciliation between the systems.

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

As noted previously, Finance staff are involved in the enrolment process. Where a student is initially identified as having responsibility for their own fees the student will review and confirm this with Finance staff who will then raise an invoice. These invoices are raised within Dream for relevant students. This is carried out manually by Finance staff with reference to the student information and the approved fees from UnitE to ensure that the amount invoiced is correct. Each student is allocated a separate debtor code. Once the invoice has been raised, then the student status in UnitE is changed from pre-enrolled to current.

Similarly, as soon as the College receives confirmation that an employer is paying fees for a student, Finance staff raise an invoice to the employer and notify MIS to change the status of the student from pre-enrolled to current, as that student's fees have now been captured by Dream.

As noted above, we found no issues in the source of fees for a sample of 25 students. For the 15 students in the sample who were not fee waiver students we reviewed the finance system to ensure that the fee raised agreed to the approved fees within UnitE. The only difference related to an international student who had withdrawn from their course and had been invoiced pro-rata. This student had been set at pre-enrolled status for some time and the College had been chasing proof of SAAS funding. This did not materialise and the student subsequently withdrew and was invoiced pro-rata for their fees.

As noted above, fee waiver students remain classified as pre-enrolled until the College is satisfied that it has seen appropriate evidence. Once this information has been produced the student status will be changed to 'current' and as such will not be considered further when Finance review whether any students have still to be invoiced. SAAS funded students remain pre-enrolled until confirmation has been received from SAAS that their fees have been paid. Once MIS receive confirmation from SAAS that a student is being funded by SAAS, and their attendance on the course has been confirmed, MIS change the status of the student from pre-enrolled to current.

All staff have access to Columbus reporting, from which they can run a list of students with pre-enrolled status in UnitE. Faculties monitor their own courses so that students who have not appropriately dealt with their fees can be referred to Finance or MIS to complete this process by providing fee waiver evidence or accepting responsibility for their own fees. Finance send the pre-enrolled reports to Heads of Faculty periodically throughout the academic year as a reminder to ensure that all students deal with their fees as required, until there are no longer any students at pre-enrolled status.

Objective 4: Adequate debt management and recovery procedures are in place, and are consistently followed in practice.

Finance monitor the Aged Debtors report produced from Dream. This monitoring is completed monthly to establish which debts are overdue. The monthly report is also monitored to ensure that students who have agreed to make payments by standing order are making their regular payments.

There is a documented procedure setting out the actions to be taken to recover debt. A series of three reminder letters are generated manually by Finance staff at 30 day intervals. If the debt remains unpaid at the end of this process then the Finance Department contacts the Faculty to consider removing the student from their course. All students are issued a funding document at the start of the year which advises them of the potential consequences of failure to pay fees. A flag will also be placed on UnitE to prevent application or enrolment for future study without first contacting Finance to settle their previous debt. Debt over £100 is passed on to a debt recovery agency.

We performed a series of tests on the College's Aged Debtors. We tested an initial sample of four student debts to ensure that invoices had been aged correctly and that appropriate follow-up action had been taken. In one instance, we found that a 2nd reminder was due in line with College procedures but that this had not been issued at the time of our fieldwork. As the review of the Aged Debtors report only takes place monthly, reminders will only be issued on the day the 30 day limit is reached if this coincides with the day of the review. Otherwise there will be a delay until the report is next run. During busy periods, it may also be more than one month between reviews. The new finance system will allow for the automatic production of reminder letters which will increase the efficiency of the process. Therefore, we have not raised a recommendation regarding the delays in issuing reminder letters.

We reviewed the student Aged Debtors report in full for exceptions where it appeared that the appropriate letters had not been raised based on the age of debts and a number of exceptions were noted. A sample of seven exceptions was selected for testing to confirm whether there was an appropriate reason for the delay in issuing a reminder letter. We found that in all but one case there was an appropriate reason. No action is taken to collect debts where a standing order has been agreed or a decision from SAAS is pending. In one instance the appropriate letters had been issued but this had not been recorded on the finance system. The one instance where an appropriate reason was not found for the delay was as a result of the timing issue noted in the paragraph above, and the appropriate letter will be issued after the next monthly review. The business Aged Debtors report was also reviewed for exceptions although it is not possible to identify what are fee debts and what are other debts on this report. From this review, it appeared that there had been a delay in sending out some reminder letters, in a similar manner to student letters.

We noted one large credit balance on the student debtor list and established that this was due to a student who had been due a refund of fees but had asked the College to retain the money until they had decided if they were returning to study in the next year.

Objective 4: Adequate debt management and recovery procedures are in place, and are consistently followed in practice (continued).

Debts are written-off after two years if they have not been recovered. After one year they will be added to the bad debt provision before full write-off after two years. Write-off of debts is authorised by the Assistant Principal, Finance and Infrastructure and will go to the Senior Management Team (SMT) where the value of a single debt is over £3,000 although the requirement to report to SMT is not set out in the Financial Regulations. Per the Financial Regulations, debts over £3,000 (£6,000 for overseas student irrecoverable losses) are to be reported to the Scottish Funding Council (via the Regional Board as per the Financial Memorandum in place between the Regional Board and Assigned Colleges) while internal reporting to the Finance and Resources Committee is only required for write-offs over £10,000. No internal reporting of the bad debt write-off occurs other than where the value of debt write-off is over £3,000. Based on review of Financial Regulations at other colleges this is not considered out of line with others. There had been no write-offs in the year at the time of audit and no single debts over £3,000 were written-off in the previous year.