

Ayrshire College

Internal Audit Annual Report 2017/18

October 2018



Scott-Moncrieff
business advisers and accountants



Ayrshire College # 193132
11/26/2018 09:47:05

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Ayrshire College

Internal Audit Annual Report 2017/18

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Introduction

The Public Sector Internal Audit Standards (PSIAS) state that:

“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.”

“The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”

To meet the above requirements, this Annual Report summarises our conclusions and key findings from the internal audit work undertaken at Ayrshire College during the year to 31 July 2018, including our overall opinion on the College’s internal control system.

Acknowledgement

We would like to take this opportunity to thank all members of management and staff for the help, courtesy and co-operation extended to us during the year.

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Overall internal audit opinion

Basis of opinion

As the Internal Auditor of Ayrshire College, we are required by PSIAS to provide the Audit Committee with assurance on the whole system of internal control. In giving our opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the whole system of internal control.

In assessing the level of assurance to be given, we have taken into account:

- All reviews undertaken as part of the 2017/18 internal audit plan;
- Any scope limitations imposed by management;
- Matters arising from previous reviews and the extent of follow-up action taken including in year audits;
- Expectations of senior management, the audit committee and other stakeholders;
- The extent to which internal controls address the College's risk management /control framework;
- The effect of any significant changes in Ayrshire College's objectives or systems; and
- The internal audit coverage achieved to date.

In my professional judgement as Chief Audit Executive, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The conclusions are only applicable for the entity examined. The evidence gathered meets professional audit standards and is sufficient to provide senior management with proof of the conclusions derived from the internal audit work.

Internal Audit Opinion

In our opinion Ayrshire College has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.

Scott-Moncrieff

October 2018

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Internal audit work performed

Scope and responsibilities

Management

It is management's responsibility to establish a sound internal control system. The internal control system comprises the whole network of systems and processes established to provide reasonable assurance that organisational objectives will be achieved, with particular reference to:

- risk management;
- the effectiveness of operations;
- the economic and efficient use of resources;
- compliance with applicable policies, procedures, laws and regulations;
- safeguards against losses, including those arising from fraud, irregularity or corruption; and
- the integrity and reliability of information and data.

Internal auditor

The Internal Auditor assists management by examining, evaluating and reporting on the controls in order to provide an independent assessment of the adequacy of the internal control system. To achieve this, the Internal Auditor should:

- analyse the internal control system and establish a review programme;
- identify and evaluate the controls which are established to achieve objectives in the most economic and efficient manner;
- report findings and conclusions and, where appropriate, make recommendations for improvement;
- provide an opinion on the reliability of the controls in the system under review; and
- provide an assurance based on the evaluation of the internal control system within the organisation as a whole.

Planning process

In order that we can provide an annual assurance statement supporting the Governance Statement, we include all of Ayrshire College's activities and systems within the scope of our internal audit reviews.

Our strategic and annual internal audit plans are designed to provide the Audit Committee with assurance that Ayrshire College's internal control system is effective in managing the key risks and best value is being achieved. The plans are therefore informed by the College's risk management system and linked to the Corporate Risk Register.

The Strategic Internal Audit Plan was agreed in consultation with senior management and formally approved by the Audit Committee.

The Annual Internal Audit Plan is subject to revision throughout the year to reflect changes in Ayrshire College's risk profile.

We have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. However, internal audit can never guarantee to detect all fraud or other irregularities and cannot be held responsible for internal control failures.

Cover achieved

Our Internal Audit Plan comprises 58 days per annum. We completed 51 days of core internal audit work in 2017/18, with one change to the original plan. The College developed a revised Infrastructure Strategy during the year, which was approved in March 2018. The Audit Committee approved postponement of our audit in this area to allow time for the strategy to embed and its impact on the estate to be considered.

A comparison of actual coverage against the 2017/18 plan is attached at Appendix 1.

We confirm that there were no resource limitations that impinged on our ability to meet the full audit needs of Ayrshire College and no restrictions were placed on our work by management.

We did not rely on the work performed by a third party during the period.

Reports

We have prepared a report for each of the internal audit reviews completed and presented these reports to the Audit Committee.

Where relevant, all reports contained action plans detailing responsible officers and implementation dates. The reports were fully discussed and agreed with management prior to submission to the Audit Committee.

We made no significant recommendations that were not accepted by management.

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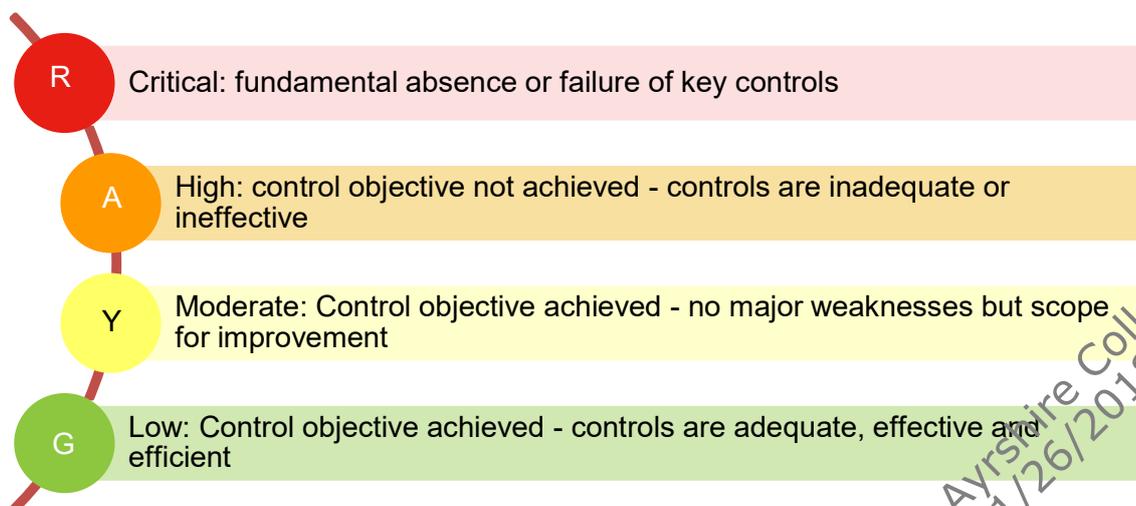
Summary of reports by control objective and action grade

Eight internal audit reports have been completed during 2017/18, as summarised in the table below.

Review	Control objective assessment	No. of issues per grading			
		4	3	2	1
A2. Risk Management		-	-	-	2
B1. Key Financial Systems		-	1	2	-
B2. SFC Returns		-	-	-	-
C1. Student Services (Learning Recourses and Technologies)		-	-	2	1
D2. Estates Strategy	N/A*				
D3. Business Continuity Planning		-	1	3	1
E1. Student Support Funds	No issues identified during our fieldwork.				
E2. Credits	No issues identified during our fieldwork.				

*The Audit Committee approved postponement of this audit during March 2018.

Control objective assessment definitions



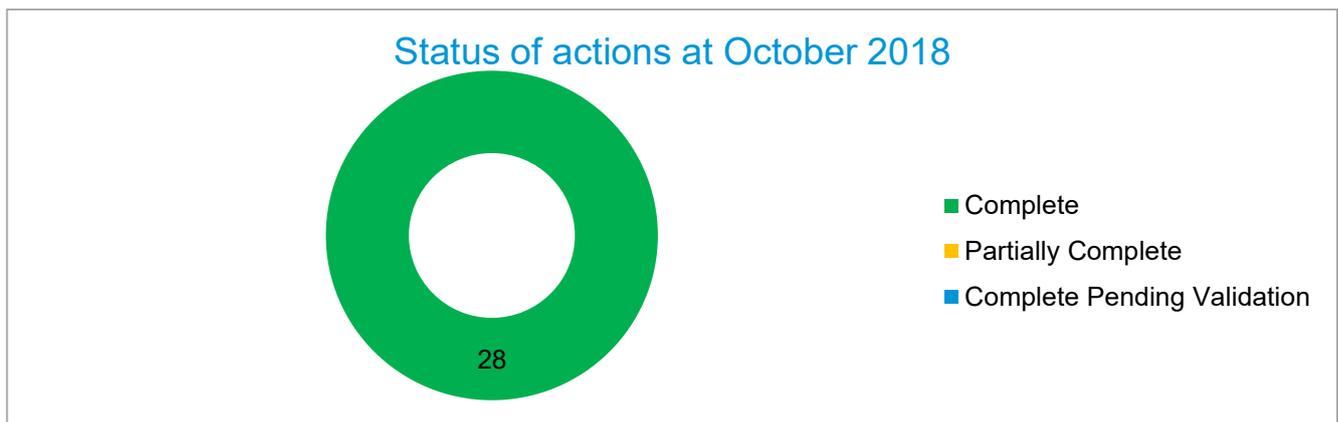
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Management action prioritisation definitions

4	•Very high risk exposure - major concerns requiring immediate senior management attention.
3	•High risk exposure - absence / failure of key controls
2	•Moderate risk exposure - controls not working effectively and efficiently.
1	•Limited risk exposure - controls are working effectively, but could be strengthened.

Progress in implementing internal audit actions

We reviewed management's progress in implementing the 28 actions outstanding and we obtained sufficient evidence to close all actions.



Key Themes

- The College made significant progress during the year to complete outstanding audit actions, with the remaining 28 actions closed in the current follow up. This included a prior action to create operational risk registers raised within our 2013/14 review of risk management, which was highlighted as still outstanding during our current year review in this area.
- Our reviews in the current year highlighted that the College's controls over financial systems are generally robust. Specifically, we provided assurance over the College's processes for submitting returns to SFC and payroll.
- During the year we noted that business continuity planning was an area for development for the College. We provided suggestions for improving the existing processes, which have since been tested using live events that occurred during the academic year as well as within a test environment. We confirmed all our suggested actions had been implemented during our follow up review.

Independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that the staff members involved in each 2017/18 internal audit review were independent of Ayrshire College and their objectivity was not compromised in any way.

Conformance with Public Sector Internal Audit Standards

We confirm that our internal audit service conforms to the Public Sector Internal Audit Standards, which are based on the International Standards for the Professional Practice of Internal Auditing. This is confirmed through our quality assurance and improvement programme, which includes cyclical internal and external assessments of our methodology and practice, against the standards.

A summary of the results of our most recent assessment is provided at Appendix 2.

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Appendix 1 – Planned v actual days 2017/18

Ref and Name of report	Planned Days	Actual Days
A. Governance/Strategic Reviews		
A2. Risk Management	5	5
B. Key Financial System Reviews		
B1. Key Financial Systems – Payroll and expenses	6	6
B2. SFC Returns	3	3
C. Student Experience/Curriculum Reviews		
C1. Student Experience – Student Services (Learning Resources and Technologies)	8	8
D. Operational Reviews		
D2. Estates Strategy	7	-
D3. Business Continuity Planning	7	7
E. Compliance and External Reporting		
E1. Student Support & EMA	7	7
E2. Credits Data Return	7	7
F. Management		
F1. Follow up of prior recommendations	2	2
F2. Audit management, audit committees, external audit liaison	4	4
F3. Annual planning and reporting	2	2
Total	58	51

All amendments to the plan set out above were agreed with management and reported to the Audit Committee during the year.

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Appendix 2 – Summary of Quality Assurance Assessment

We are pleased to disclose the outcome of our regular internal and external quality assessments with our clients. We believe it is important to provide you with assurance that the service you receive is of a high quality and fully compliant with internal audit standards.

Outlined below are extracts from our most recent external quality assessment undertaken in July 2018.

External Quality Assessment summary

Executive Summary

We are pleased to report that Scott-Moncrieff may state in their internal audit reports that the work “has been performed in accordance with the IPPF”. The team similarly conform to the Public Sector Internal Audit Standards (PSIAS).

*The Internal Audit team **fully meet the vast majority of the Standards, as well as the Definition, Core Principles and the Code of Ethics**, which form the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework (IPPF), the globally recognised standard for quality in Internal Auditing. The Institute describe this as “**Generally Conforms**”.*

This is an excellent result and is based on an extensive external quality assessment (EQA) covering the team’s approach, methodology, processes and a sample of files by an experienced external assessor who is a serving Head of Assurance and Audit Committee Chair.

Overview of the External Quality Assessment Process

We undertook extensive background research covering the team’s methodology and processes, before undertaking an intensive onsite visit over 25-28 June 2018, in which we interviewed a small number of team members and reviewed a sample of working files covering a representative range of the team’s clients and sectors. After the onsite visit we finalised our evaluation, assessment and reporting.

The EQA involved comparison of working practices against the Institute of Internal Auditors’ global International Professional Practices Framework¹ (the IPPF) and the Public Sector Internal Audit Standards (PSIAS).

During this external assessment we have followed this process:

- Examined and reflected upon the requirements of the Definition of Internal Auditing, the Code of Ethics and each International Standard. We have used the relevant Interpretation within the Standards to build our understanding.*
- Considered the key conformance criteria needed to demonstrate compliance.*
- Recorded the full range and extent of the evidence that exists within the team and that demonstrates conformance with the Standard. We have undertaken this through interviews with team members as well as reviewing files and engagement reports.*
- Compared the evidence to the key conformance criteria and assessed the degree of conformance. We have used the standard IIA definitions that are provided below on page 13 to guide our evaluation.*

Conformance to the Standards: The International Professional Practice Framework (IPPF)

Our objective of this External Quality Assurance (EQA) review was to undertake an independent, objective external quality assessment of the Scott-Moncrieff Internal Audit team against the IPPF and PSIAS. This included

¹ The global IPPF is followed by more than 180,000 internal auditors in 190 countries around the world.

considering the team's conformance to both the IPPF and PSIAS and informally benchmarking the function's activities against best practice.

The Institute of Internal Audit's (IIA's) International Professional Practice Framework (IPPF) includes the Definition of Internal Auditing, Core Principles, Code of Ethics and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice.

We include a summary of the Internal Audit Service's conformance to both the IPPF and the core principles below. Overall, we believe that the Internal Audit Service has achieved an excellent performance given the breadth of the IPPF and the diverse organisational contexts and sectors that the team operate across.

Summary of IIA Conformance	Standards	N/A	Does not Conform	Partially Conforms	Generally Conforms	Total
Definition of IA and Code of Ethics	Rules of conduct	0	0	0	12	12
Purpose	1000 - 1130	0	0	0	8	8
Proficiency and Due Professional Care	1200 - 1230	0	0	0	4	4
Quality Assurance and Improvement Programme	1300 - 1322	2	0	1	4	7
Managing the Internal Audit Activity	2000 - 2130	0	0	1	11	12
Engagement Planning and Delivery	2200 - 2600	1	0	0	20	21
Total		3	0	2	59	64

The overall assessment resulting from the EQA is that the Scott-Moncrieff Internal Audit team “generally conforms to the IIA’s professional standards”.

The Scott-Moncrieff Internal Audit team are able to say in reports and other literature that it “conforms to the IIA’s professional standards” and that its work has been performed “in accordance with the IPPF.”

This EQA was conducted as a full external quality assessment using methods recommended by the Chartered Institute of Internal Auditors.

Key Achievements

We believe that the team perform particularly well in a number of areas. We were most impressed by the following points:

- The Scott-Moncrieff Internal Audit team delivers an effective, efficient and economic independent and objective assurance service across a range of client organisations primarily in the government, education, health and social housing sectors.
- The team develop an Audit Charter, Audit Needs Assessment, strategic and annual plans with each client. The team take account of the client's risk maturity.
- Annual planning is comprehensive and is a participative process involving clients and stakeholders at appropriate stages. Progress against the annual plans are documented and reported on regularly to respective audit committees and senior managers.
- The team have developed an appropriate methodology for auditing key objectives, risks and controls across client organisations at a high level. The operational internal audit processes are fit for purpose,

documented in a professional audit manual and supported by use of Pentana an effective Audit Management Software application.

- The team are beginning to make use of IDEA, an effective file interrogation software package since its adoption earlier this year. This has the potential to help make the team's internal audit process even more efficient, while enhancing the quality of assurance provided to client organisations.
- The team's standard internal audit engagement report template is professional, useful and represents good practice. The approach is concise. The reports we reviewed were jargon-free and (on the whole) reader friendly.
- Our file reviews demonstrated appropriate compliance with the methodology and sufficient evidence of appropriate supervision and review.
- The team's internal audit delivery is very efficient, with tightly focused engagements resulting in short durations and (usually) minimal elapsed time from start to finish.
- Follow up of outstanding recommendations occurs at least annually.
- Continuous Personal Development (CPD) is encouraged, knowledge sharing occurs across the team through quarterly development days (and other initiatives) and expertise from elsewhere across Scott-Moncrieff can be accessed (if required) for more specialist engagements.
- Client feedback is actively sought following the internal audit engagements and reported to the Audit, Risk and Governance Committee.

Opportunities for Further Development

We believe that the Scott-Moncrieff Internal Audit team fall slightly short against just two Standards, both of which we assess as "partially conforms".

The first of these is Attribute Standard 1312, External Assessments. This Standard states, "External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation..." We understand that a CHEIA peer review was the only previous, formal external assessment of elements of the Scott-Moncrieff Internal Audit team. Our current review represents the first formal external assessment and so the team have not fully conformed to this Standard to date.

The second is Performance Standard 2050, Coordination. The Standard states, "The chief audit executive should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of efforts". The need to consider how best to rely on and coordinate with other assurance providers is an emerging area of internal audit practice. It depends as much on the client and their other assurance providers as it does internal audit. However, we believe that it is something that could be explored more fully as governance, risk management and control maturity increases across larger client organisations.

We also make a small number of additional suggestions for further development to enhance these – and other areas of the team's service delivery.

We are happy to provide audit committee members with the full report, if required.

Our response

We welcome the findings of the most recent external assessment; a detailed action plan has been put in place to address the areas for further development to further enhance our internal audit practices.

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Scott-Moncrieff
business advisers and accountants

Jane Scott
Scottish Funding Council
Donaldson House
97 Haymarket Terrace
Edinburgh
EH12 5HD

05 October 2018

Our Ref: CHB/SXD

Dear Sirs

Ayrshire College – Aggregated Student Support Return

Please find enclosed a signed copy of the audited Scottish Funding Council Aggregated Student Support Return for the 2017/18 academic year for the above college.

We have examined the books and records of the above college 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 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 Scottish Funding Council's conditions.

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

Yours faithfully

Chris Brown
Partner
chris.brown@scott-moncrieff.com

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College - 1003356 - Ayrshire College

Report - Student Support Funding

College Name: Ayrshire College

College Contact: James Thomson

College Number: 1003356

Phone Number: 0300 303 0303 Ext 5371

1st August 2017 - 31st July 2018

Bursary Funds Expenditure	(AAC 1) Students under 18 Headcount Expenditure (£)		(AAC 2) Parentally Supported Headcount Expenditure (£)		(AAC 3) Self Supporting Headcount Expenditure (£)	
	Maintenance Costs	0	0	1061	2451965	0
At Parental Home	0	0	161	436869	1065	3244869
Away from Parental Home						
Approved Accommodation or Lodgings	0	0	0	0	0	0
Personal Allowance	0	0	0	0	0	0
Dependents Allowance	0	0	0	0	0	0
Study Expenses	1178	122371	1107	114035	1059	112260
Travel Expenses	1133	539402	940	505626	915	455836
Special Educational Needs	76	65213	114	128013	87	79552
Total Bursary	1324	726946	1269	3636768	1199	3892333
Total Bursary Fund Spend (AAC 1+2+3)	3774	8256047	[ESF Students to be included in all tables]			

Discretionary Fund & Childcare Fund Expenditure

	Headcount Expenditure (£)	
Total FE Discretionary Fund	632	572425
Total FE Childcare Fund	273	598754
Total HE Childcare Fund *	128	291421

* UHI partner colleges to manually enter data on the CSV version of this report.

	Part-time Headcount Expenditure (£)		Full-time Headcount Expenditure (£)	
	FE childcare, lone parent	3	3645	23
FE childcare, other	23	25172	247	546441
HE childcare, lone parent	0	0	86	87247
HE childcare, other	0	0	89	204174

We have examined the books and records of the above college and have obtained such explanations and carried out such tests as we consider necessary. On the basis of our examination and the explanations given to us, we report that 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 Scottish Funding Council conditions.

We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate. * Delete if not applicable.

PLEASE RETURN AN ELECTRONIC AND SIGNED PAPER COPY OF THIS FORM TO THE SCOTTISH FUNDING COUNCIL.

Principals Signature

Matthew D...

Auditors Name (in printed capitals)

CHRIS BROWN

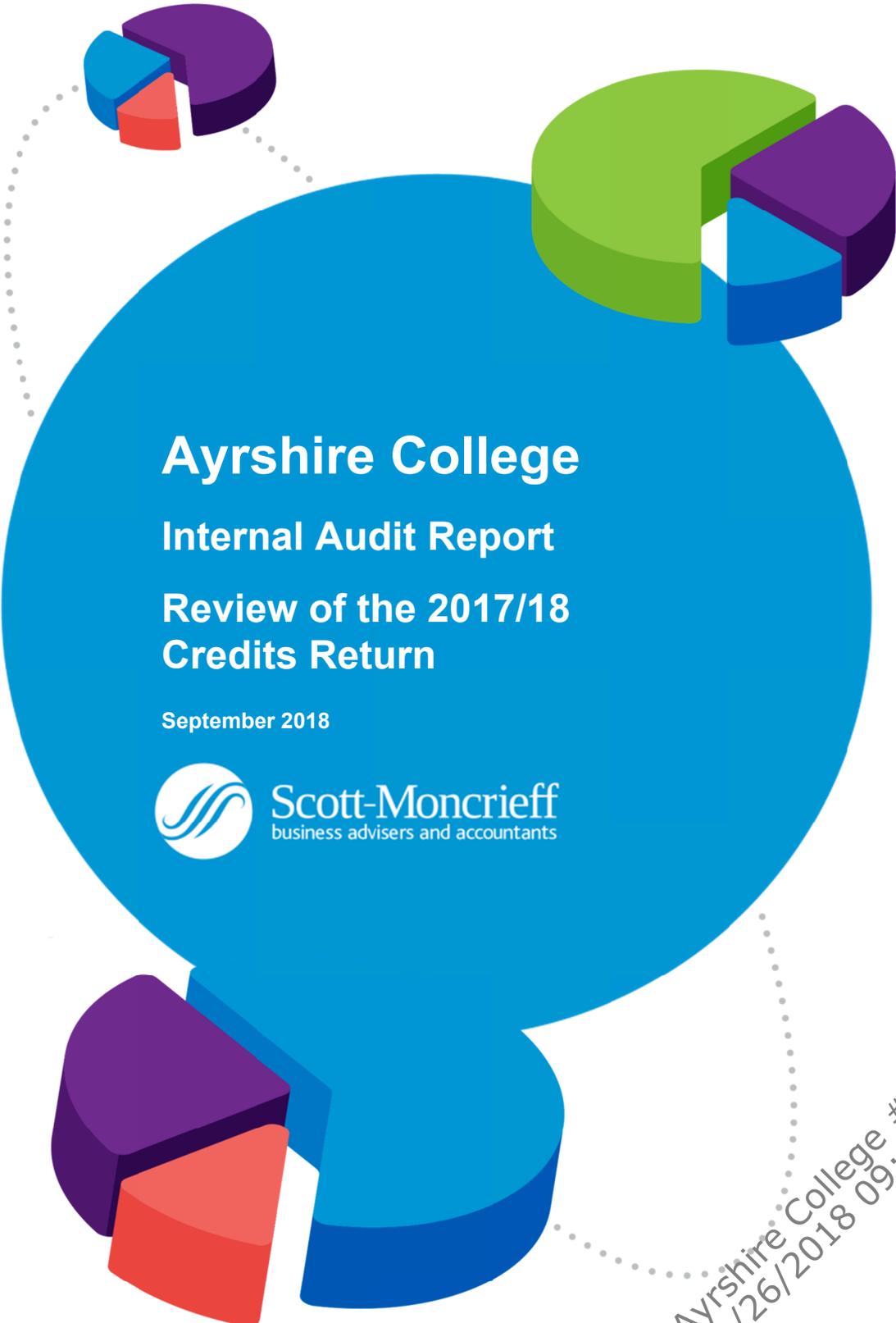
Auditors Signature

Chris Brown

Date of Signature

5/10/18

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11/26/2018 09:47:05



Ayrshire College
Internal Audit Report
Review of the 2017/18
Credits Return

September 2018



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Ayrshire College

Internal Audit Report

Review of the 2017/18 Credits Return

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Executive Summary

During September 2018 we audited the funding statistics for Ayrshire College (the College). The audit examined the procedures and controls over the preparation of the 2017/18 credits return, together with audit testing to ensure the accurate calculation of the return.

Conclusion

In our opinion, controls over the collection of data and the preparation of the credits returns are adequate and effective. Assurance can be gained from the audit testing carried out and the internal checking performed by College management that the credits count for the College has not been materially misstated. A copy of the audit certificate is included in Annex A of this report.

Under the conditions of grant, the SFC may claw-back an element of the grant if actual Credits provided are below target. Actual credits claimed for 2017/18 were 126,326 against a target of 125,370. The difference is 956 (0.76%) above the target credits. The SFC confirmed acceptance of Ayrshire College's submission via email on 4 October 2018.

Scope

We performed our audit in accordance with the guidance issued by the Scottish Funding Council (SFC), including the 'Data return for funding purposes (FES return) and audit guidance for colleges 2017/18'.

Approach

The audit comprised of seven days of fieldwork by our audit team with extensive experience of Credits reviews. Quality assurance included detailed review of work by the Audit Manager and overall review by the Audit Partner.

Our audit involved the following:

- Examination of the procedures and controls relevant to the collection and recording of student data;
- Evaluation of the adequacy of these controls in complying with SFC guidance and ensuring the accuracy of the data;
- Testing of the key controls to ensure they were operating satisfactorily;
- Examination, on a test basis, of evidence relevant to the figures recorded in the student data returns;
- Review of the risk areas highlighted in the audit guidance for 2017/18;
- Analytical review utilising current year and prior year Credits data; and
- Further detailed testing where necessary, including checking of the Credits return.

Sample

Our initial sample was derived by:

- applying Scott-Moncrieff's approved sampling methodology
- considering the materiality of the area under review and,
- using professional judgement.

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Where necessary, samples were extended to ensure that we gained sufficient coverage of all programme and student variables as specified within the audit guidance.

Our sample sizes represented 0.2% of total students and 1.5% of programmes that the College has claimed credits for; based on our assessment of the risk of material misstatement in the credits return. We adopted appropriate procedures to enable us to draw conclusions across the total population based on the testing completed.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

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Detailed Audit Work and Findings

Our audit centred on testing College data on a sample basis and, where appropriate, consulting with staff and senior management. This was performed to provide assurance that all of the risks set out in Annex D of the audit guidance note referred to above had been satisfactorily addressed and that the fundamentals of compiling Credits data were subject to appropriate controls.

1.1 General Systems Review

The accuracy of the data on which the Credits return is calculated depends on appropriate controls and systems over enrolment and attendance and the timely clearing of errors on the FES report.

We have gained assurance from the audit work performed that the College has robust and effective controls in place to ensure the accuracy and completeness of the FES return data provided to the SFC. This includes a comprehensive annual Curriculum Development Planning (CDP) process and the use of the Unit-E system for recording student and programme data. We have provided details of the specific controls in place and the testing performed over the controls in the 'key risk areas' section below.

1.2 Follow up

No findings were raised in our 2016/17 audit report that required follow-up in 2017/18.

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1.3 Key risk areas

The results of our audit work are summarised below against each of the 12 key risk areas highlighted by SFC in Annex D of the '2017-18 data return for funding purposes (FES return) and audit guidance for colleges' document.

Risk Area 1 – Non-fundable activity is included in the Credit count

The College uses CRS1 forms to document course details as part of the annual Curriculum Development Planning (CDP) process, which allows staff to distinguish between fundable and non-fundable activity. The College uses the SFC eligibility checklist to assist staff in making this judgement.

We selected a sample of 20 courses identified as fundable by the College (including courses which spanned more than one academic year) and performed our own checks against the SFC guidance to confirm eligibility of the courses selected.

No issues were identified.

Risk Area 2 – Non-fundable students are included in the Credit count

Student information is collected by the College via their enrolment form. Each form is reviewed against the SFC eligibility flowchart to determine the credits eligibility of students.

We selected a sample of 20 students identified as fundable by the College and performed our own checks against the SFC guidance to confirm eligibility of the courses selected.

No issues were identified.

Risk Area 3 – Programme is not classified correctly

During the CDP process, staff record course information on the CRS1 form, including the mode of attendance and whether the course should be classified as Higher Education (HE) or Further Education (FE). This data is populated within the student records system, Unit-E, and then reviewed by management to confirm that the information is correct.

For our sample of 20 courses, we confirmed that the mode identified was appropriate and that the course had been correctly classified as HE/FE in line with SFC guidance. We also confirmed the correct classification and mode of attendance had been entered into Unit-E to inform the amount of credits claimed

No issues were identified.

Risk Area 4 – Infill Student is counted as part of the programme which is being in-filled, rather than their individually tailored course or is included as part of both courses

All infill courses are readily identifiable by the inclusion of the word 'INFILL' within the course title. Infill students are allocated to one of these courses to ensure that they are not registered on separate courses whose modules make up the infill course. Staff run exception reports from Unit-E as part of the FES return submission process and confirm that infill students are not counted more than once within the FES return.

We reviewed the treatment of a sample of students allocated to infill courses within our sample of 20 to confirm the credits claimed for the student were in line with student participation in relevant modules. We also confirmed that the students were not counted more than once within the FES return.

No issues were identified.

Risk Area 5 – Incorrect allocation of Credits for students registered on ECDL courses

All ECDL courses are identifiable as the course titles are prefixed with 'European Computer Driving Licence'. ECDL students are allocated to one of these courses to ensure that they can be separately identified from other categories of students and that the appropriate numbers of credits are claimed based on the modules completed.

We performed testing over a sample of students completing ECDL courses within our sample of 20 and confirmed that the credits claimed were proportionate to the student's completion of the ECDL modules. We also confirmed that a maximum of four credits were claimed for each student in line with SFC guidance.

No issues were identified.

Risk Area 6 – Incorrect Dominant Price Group Code is allocated to programme

As part of completion of the CRS1 form during the CDP process, staff must select the appropriate superclass for the course from the list provided. This allocation is reviewed by management once the courses have been added to Unit-E.

We confirmed the list of super-classes provided to staff was aligned to the listing provided within SFC guidance. For our sample of 20 courses, we also confirmed that the assigned superclass for each course was appropriate and that the DPG identified was correct per SFC guidance.

Finally, we also performed an analytical review over the number of students allocated to each dominant price group in the current year against the prior year and no material variances were identified.

Risk Area 7 – Students included in the return do not meet attendance criteria

The start and end date for courses are determined as part of the CDP process and the information uploaded to Unit-E for review by management. For standard full time courses that start during the summer term, the required date is 1 November. For all other courses the College uses a 'Critical Cut Off Date Calculator' to calculate the required date (being 25% of the total calendar days between the course start and end dates).

For students who withdraw, teaching staff amend their student status on Unit-E to 'withdrawn' and confirm the last date of attendance. This is confirmed on Unit-E by the relevant Curriculum Manager, which generates an automatic notification to the student information team. Upon receipt of the notification, the student information team compare the last date of attendance to the required date and update the fundable status of the students within the FES return, as required.

For a sample of 20 students, we confirmed that the required date recorded on the system was in line with SFC guidance and that credits were only claimed for those who had participated in the programme after the respective required date. We also tested a sample of 3 students who withdrew from their programme within two weeks after the required date and confirmed that, in all cases, credits were only claimed for students where there was evidence they had actively participated in the course after the required date.

No issues were identified.

Risk Area 8 – Incorrect Credit value is claimed for the programme of study

The credits value for each course is determined as part of the CDP process based on the number of staff hours required to deliver each programme. These details are recorded by teaching staff on the CRS1 form and then updated on the College Unit-E system for review by management.

We reviewed a sample of 20 programmes to confirm that the number of staff hours required to provide each course was considered in determining the credits value for both full time and part time programmes. Based on the information provided, we also calculated the expected credits per student in line with SFC guidance and confirmed this total matched the credits total identified by the College.

No issues were identified.

Risk Area 9 – The college Credits claim for an individual student exceeds the maximum claim allowed for a student per year

The College uses a process of exception reporting prior to submission of FES data to SFC to identify any students that have credits claimed in excess of the maximum. These are then reviewed by the student information team to ensure that such a claim is justified, and not in excess of 2.5% of the College total credits allocation. For our sample of 20 students selected we confirmed that, for those students claiming additional credits, the College had demonstrated a justifiable need for the credits.

In order to reduce the risk of going over the 2.5% threshold, the College reviews its position in respect of forecasted credits against the credits target at the start of the year as part of the Curriculum Development Planning (CDP) process. The credits figure, including one-plus activity, is also reported to the Executive and Senior Management teams on a monthly basis throughout the year with more detailed reporting going to the Learning and Teaching Committee. It was flagged early on that the College was likely to exceed the 2.5% level and that this may lead to a reduction in the credit claim, but the College accepted the risk in view of their responsibility for the delivery of education. In the final return the College had breached the 2.5% threshold by a small margin, however the final FES return has been accepted by the SFC on the 4th October 2018 with no amendment to the credits claimed.

No issues were identified.

Risk Area 10 – College records fee waivers which are not covered by the standard fee waiver policy

Students requesting fee waiver status are required to complete a Fee Waiver form and document the rationale for their application. The student is also required to provide evidence of their fee waiver eligibility status to the College Student Services team, who sign the form to confirm that satisfactory evidence has been provided.

For all fee waiver students within our sample of 20, we were able to evidence a completed Fee Waiver Application form, signed by a member of the Student Services Team. We also noted that appropriate supporting evidence was attached to the form, which, whilst not an SFC requirement, demonstrates good practice in this area.

No issues were identified

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Risk Area 11 – Students who enrol on an open/ distance learning programme do not continue with the programme

For all open/distance learning students, teaching staff agree the likely duration of study and time-related milestones with the student at the outset of the teaching period. The arrangements for reviewing progress may vary depending on the programme of study; however the arrangements are also agreed in advance.

For a sample of 20 students on open/distance learning programmes, we confirmed these details had been agreed and the processes for monitoring were adhered to.

No issues were identified.

Risk Area 12 – Incorrect Credit value is claimed for Collaborative Provision

Where collaborative provision with another institution occurs, the student information team review the agreement in place with the other institution to ensure that SFC requirements are adhered to, including that the course is delivered in Scotland and that there is an ongoing resource input for the College. The agreed approach is monitored on an ongoing basis over the course of the academic year to confirm the arrangements continue to be adhered to and are appropriate.

Within our sample of 20 courses, we confirmed that the SFC requirements for collaborative courses had been adhered to and that checks were completed by the student information team.

No issues were identified.

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Recommendations and Adjustments

No issues were noted through testing. We have therefore not raised any recommendations or identified any required adjustments for the year to 31 July 2018.

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Credits audit certificate for AY 2017/18

Auditor's report to the members of the Board of Management of Ayrshire College

We have audited the FES return which has been prepared by Ayrshire College under the 'Credits' Guidance issued 10 May 2017 and which has been confirmed as being free from material misstatement by the college's Principal in their Certificate dated 04 October 2018. We conducted our audit in accordance with guidance contained in the 2017/18 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, on a test basis, 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 misstatement.

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.
- On the basis of our testing we can provide reasonable assurance that the FES return contains no material misstatement.



05 October 2018

Scott-Moncrieff

Chris Brown, Partner

0131 473 3500

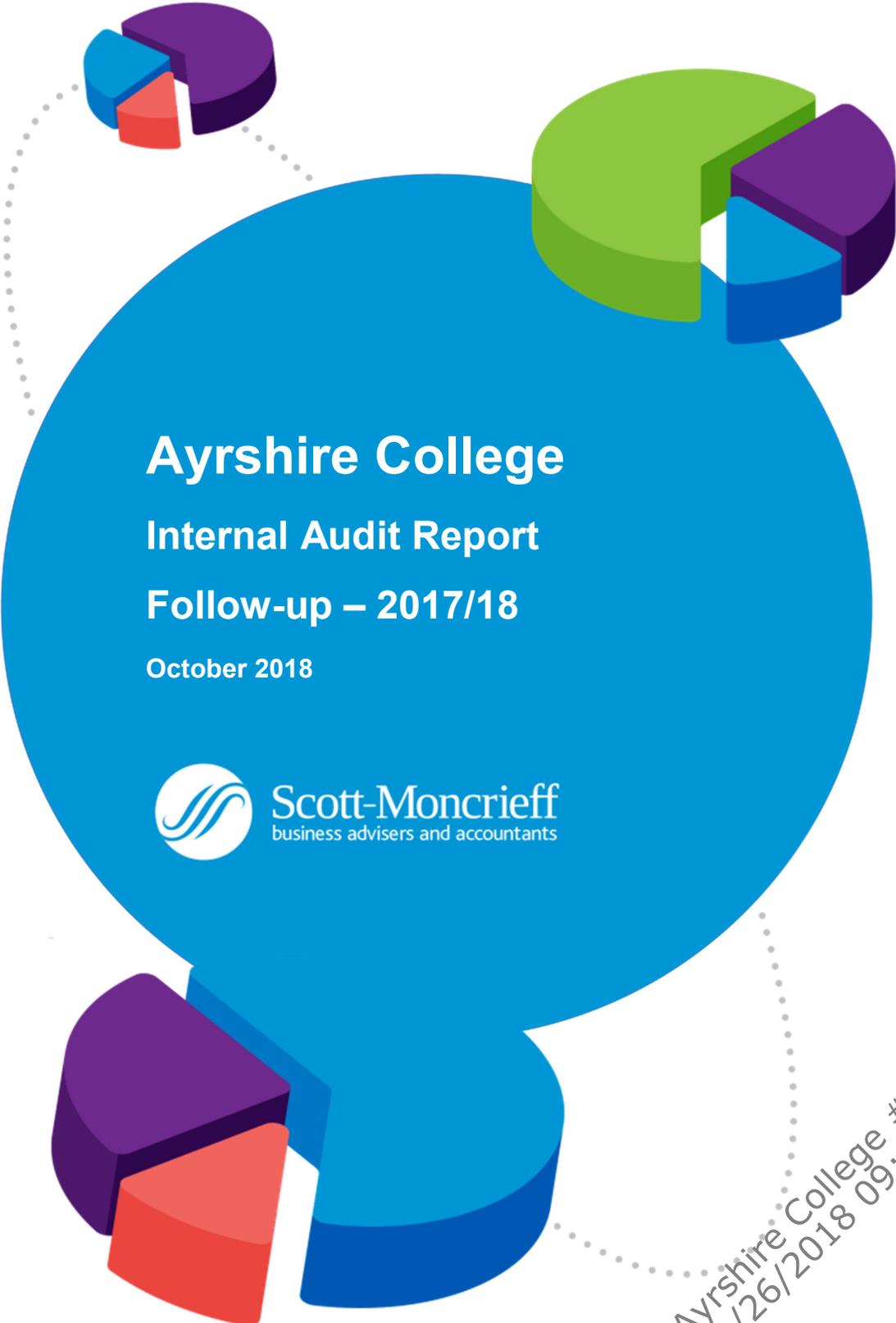
Date FES returned: 04 October 2018

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Ayrshire College

Internal Audit Report

Follow-up – 2017/18

October 2018



Scott-Moncrieff
business advisers and accountants

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Ayrshire College

Internal Audit Report

Follow-up – 2017/18

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Introduction

Introduction

In accordance with the 2017/18 internal audit plan, we have carried out a follow up review at Ayrshire College to provide Executive Management and the Audit Committee with assurance that internal audit actions agreed during the current and previous financial year(s) have been implemented satisfactorily.

This report summarises the progress made by the College's management in implementing the agreed actions.

Scope

We have followed up outstanding management actions from previous financial years as well as those arising from 2017/18 internal audits.

For recommendations deemed complete by management, we discussed the agreed actions with the appropriate members of staff and obtained evidence to confirm progress. For recommendations that were still incomplete and now past their original due date, we agreed revised completion dates with the action owners.

Conclusion

Ayrshire College has made great progress in implementing the agreed actions from previous internal audit reviews. We have confirmed all outstanding actions are complete.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

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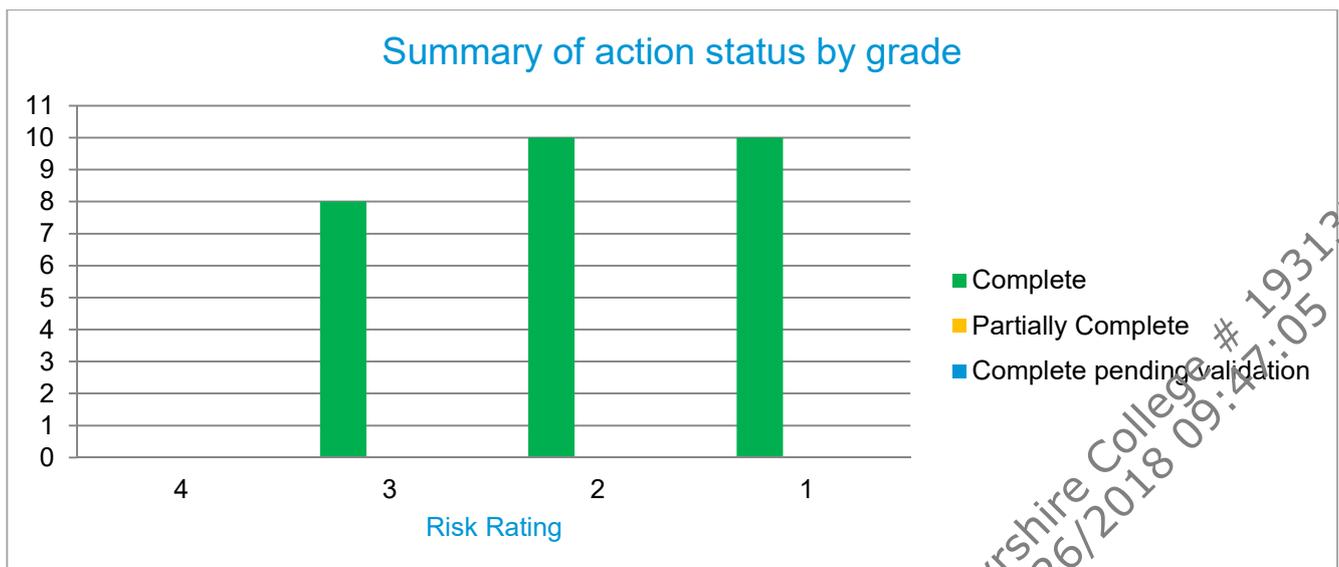
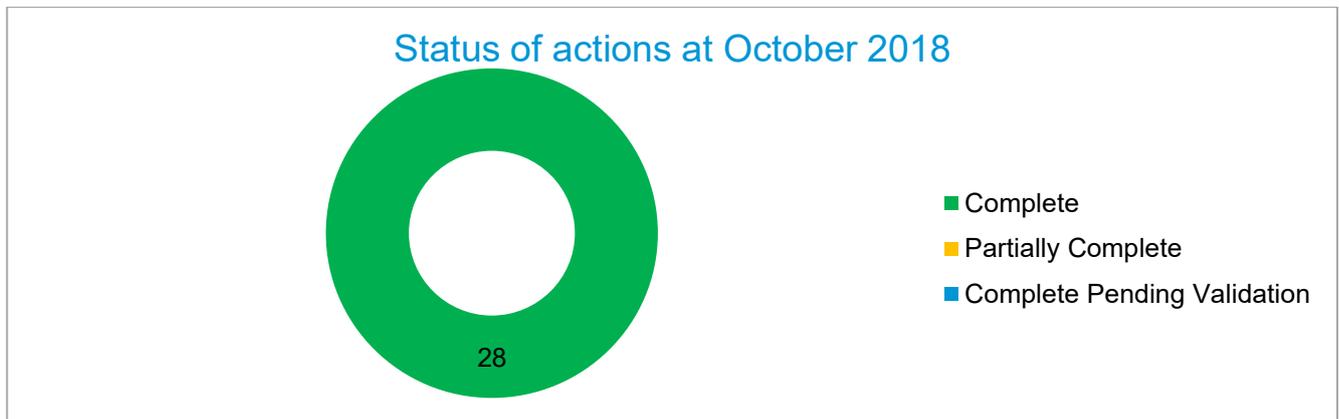
Summary of progress

The table below shows the movement in the Ayrshire College audit actions tracker since our last follow up:

	Number of Actions
Open actions brought forward from August 2017	15
New actions added to tracker	13
Total actions to follow up	28
Actions validated as closed /not applicable	28
Open actions carried forward	0

We reviewed management’s progress in implementing the 28 outstanding actions and obtained sufficient evidence to close all outstanding of these.

The charts below set out our assessment of the status of the actions included in the audit actions tracker:



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High risk actions

There are no outstanding high risk actions following this review.

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Appendix 1 – Recommendation status by report

Report title	C	PC	I	CPV	NYD	Total
Risk management	1	-	-	-	-	1
2013/14 Sub-total	1	-	-	-	-	1
Asset management	1	-	-	-	-	1
2014/15 Sub-total	1	-	-	-	-	1
Health and safety	3	-	-	-	-	3
Key financial systems	1	-	-	-	-	1
2015/16 Sub-total	4	-	-	-	-	4
Budget setting	1	-	-	-	-	1
Corporate governance	3	-	-	-	-	3
Student voice	5	-	-	-	-	5
2016/17 Sub-total	9	-	-	-	-	9
Risk Management	2	-	-	-	-	2
Key Financial Systems	3	-	-	-	-	3
Student Services	3	-	-	-	-	3
Business Continuity Planning	5	-	-	-	-	5
2017/18 Sub-total	13	-	-	-	-	13
TOTAL	28	-	-	-	-	28

Key:

C - Completed	PC - Partially Complete	I - Incomplete	CPV – Complete pending validation	NYD - Not Yet Due
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Audit Committee**27 November 2018**

Subject: 2018-19 Internal Audit Rolling Internal Audit Action Plan at 12 November 2018

Purpose: To provide Members with an update on the Rolling Internal Audit Action Plan as at 12 November 2018

Recommendation: The Audit Committee notes the content of this paper.

1. Background

The rolling Internal Audit Action Plan was last presented to the College Operational Group at its meeting on 23 August 2018. The plan has now been updated on an exceptions basis for actions which are now beyond their agreed completion dates.

2. Current Situation**2013-14 to 2017-18**

Table 1 below lists all remaining points from the internal audits from 2013-14 to 2017-18.

Table 1

Ref	Audit Year	Audit Area	Points Outstanding	Actioned in Period	Remaining Points
1	2017-18	Student Services	1	1	-
2	2017-18	Key Financial Systems (Payroll)	1	1	-
Total			2	2	-

All outstanding internal audit action points have now been completed meaning all recommendations made by Scott-Moncreiff have been cleared. The Rolling Internal Audit Action Plan for 2018-19 onwards will cover any future audit recommendations. This means our new internal auditors, BDO, have no outstanding audit recommendations to follow up on from previous years. The three year audit plan approved by the Audit Committee on 18 June 2018 commenced on 22 October with an audit of the College's risk management arrangements.

3. Proposals

No further proposals are contained in this report.

4. Consultation

No formal consultation is required to be completed given the subject matter of this report.

5. Resource Implications

There are no resource implications to be noted in this paper.

6. Risks

An effective and challenging Internal Audit service is a key element in the management of risk within the College.

7. Equality Impact Assessment

An impact assessment is not applicable to this paper given the subject matter.

8. Conclusion

The Audit Committee notes the content of this paper.

Michael Breen
Vice Principal, Finance and Skills
12 November 2018

(James Thomson, Director of Finance and Student Funding)

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Ayrshire College

INTERNAL AUDIT PROGRESS REPORT 2018-19

October 2018



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Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

EXECUTIVE SUMMARY

Introduction

The purpose of this report is to *advise* the Audit and Risk Committee of the progress of the Internal Audit Plan for 2018-19. This paper together with progress and assignment updates will be discussed with Management and the Audit and Risk Committee throughout the year. These reports will form the basis of information to support our Annual Internal Audit Report for 2018-19.

Internal Audit Plan 2018-19

Since the last Audit Committee meeting, we have completed the fieldwork for our Risk Management audit. The draft report has been issued to management for review and comment.

Conclusion

The Audit Committee is asked to *note* this report.

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PERFORMANCE AGAINST OPERATIONAL PLAN

Visit	Date of visit	Proposed Audit	Planned Days	Actual Days	Status
1	October 2018	Risk Management	5		Draft - for management response
2		Financial controls - financial planning and longer term forecasting	5		Scheduled for January 2019
3		Estates and infrastructure	5		Scheduled for February 2019
4		SFC returns	5		Scheduled for September 2019
5		Student experience / curriculum review	5		Scheduled for May 2019
6		IT security	7		Scheduled for November 2018
7		Follow up	3		Scheduled for June 2019
8		Audit Committee	3		
9		Client Liaison	3		
		Annual Reporting	1		
TOTAL			42		

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AUDIT PERFORMANCE

AUDIT	COMPLETION OF FIELDWORK	DRAFT REPORT	FINAL MANAGEMENT RESPONSES	FINAL REPORT
Risk Management	26 October 2018	12 November 2018	In progress	

On average:

- Report issued in draft within 10 working days of completion of our fieldwork and a debrief meeting with management.
- Initial responses anticipated within 10 working days of the draft report being issued.

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