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AUDIT COMMITTEE REPORT

Subject: Internal Audit Assignment – Marketing	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Peter D Smith, Vice Principal – Finance and Corporate Services	**Date:** 24 January 2018

Purpose: To consider the findings of the internal audit assignment on the College's Marketing function and approve the management responses and any further actions.

Linked to Strategic Goal 4: Grow our business.

Executive Summary:
Attached is the Internal Auditor's report on the review of the College's Marketing function. The report concludes that: -

"*We can provide strong assurance over the design and effectiveness of the current marketing arrangements in place at the College. We can also provide strong assurance over the strategic approach to marketing and the mechanisms in place to measure the return from marketing and the methods used by the College.*"

There are two medium-level recommendations as a result of this audit and the management responses to these are included in the report.

Six areas of good practice are also identified in the report.

Recommendation: Committee consider and approve the findings of the report.

Previous Committee Approvals: n/a

For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐

Wylie+Bisset
Chartered Accountants, Business & Tax Advisers

Borders College

Internal Audit 2017-18

Marketing
November 2017

Overall Conclusion
Strong

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The matters raised in this report came to our attention during the course of our audit and are not necessarily a comprehensive statement of all weaknesses that exist or all improvements that might be made.

This report has been prepared solely for Borders College's individual use and should not be quoted in whole or in part without prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any third party.

We emphasise that the responsibility for a sound system of internal control rests with management and work performed by internal audit should not be relied upon to identify all system weaknesses that may exist. Neither should internal audit be relied upon to identify all circumstances of fraud or irregularity should there be any although our audit procedures are designed so that any material irregularity has a reasonable probability of discovery. Every sound system of control may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas that are considered to be of greatest risk and significance.

1 EXECUTIVE SUMMARY

Overview

Purpose of Review

The purpose of this assignment was to review the design and effectiveness of the current marketing arrangements in place at the College. We also reviewed the strategic approach to marketing, the decision making process to determine which marketing models should be used, the mechanisms in place to measure the return from marketing and review the suitability of the methods used.

This assignment is part of the agreed 2017/18 Annual Internal Audit Plan for the College.

Scope of Review

Our objectives for this review were to ensure:

- The marketing strategy is adequately linked to the strategic and operational planning process.
- Marketing activities meet the needs of the key stakeholders and are based on adequate, reliable market research.
- The effectiveness of marketing activities is regularly reviewed to ensure best value is obtained.
- There is an effective programme of marketing in place to meet the College's objectives.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of Scope

There was no limitation of scope.

1 EXECUTIVE SUMMARY

Background

The College Marketing Team consists of the Marketing and Publications Manager and Marketing Officer who is part time. There is also a Publications Team which consists of 2 Publications Officers, 1 of which is part time. The Marketing and Publications Manager reports directly to the Principal with fortnightly meetings held to review the Colleges marketing activities.

The Marketing Team developed a Marketing and Communication Strategy to support the Colleges Strategic Plan. The Strategic Plan states the 5 goals of the College, these being to:

- Respond to the needs of our region;
- Deliver successful outcomes for all learners;
- Provide a high-quality College experience;
- Grow our business;
- Build sustainability.

The College's Marketing Team create an annual Marketing Plan and Operational Strategy which details the College's action plan on how it will meet the aims of the Marketing and Communications Strategy. The Marketing Plan and Operational Strategy is a live document and changes throughout the year depending on the requirements of the College. The document details the marketing activity that the Marketing Team are aware of for the College overall, as well as the 3 individual Faculties and the Business Development Unit.

The College use a number of marketing techniques to promote the College including:

- the use of a prospectus which is available electronically and on hardcopy;
- Social media accounts such as Twitter, Facebook, You Tube and LinkedIn;
- Radio;
- Advertising in printed media;
- Advertising on the College website;
- Visits and meetings with schools and employers in the Region.

1 EXECUTIVE SUMMARY

To measure the effectiveness of the material the Marketing Team complete a number of evaluations by using the following:

- Web analytics to review how many times the College website has been viewed, what the most popular courses are per views and what the least popular courses are.
- Analysis of the number of views, shares and likes received throughout the Colleges social media accounts.
- Monthly press evaluations are carried out that include reviews of the number of news articles published by the press and value of newspaper space secured. An annual report on press evaluations for 2016/17 showed that the College had 124 news stories published worth a value of £88,003.
- Every student who enrols is given the opportunity to complete a survey which includes questions on the prospectus and the website. The survey showed that 90% of the 101 students who answered felt the prospectus was either good or very good and 78% were very happy or happy with the way the information was provided and 15% were satisfied with it.

We spoke with the personnel responsible for marketing at two of our other Scottish College clients and found that the same techniques were being used at Borders College. Through our discussions we found that the main techniques used were the website, social media accounts, advertising through radio/tv/newspapers/magazines and through schools and employers. The discussions highlighted that one of the colleges no longer used a printed prospectus but rather a short course guide that lists courses and provides a link to the website. For 2017/18, Borders College printed 3,000 prospectuses at a cost of £5,588 which is £1.86 per prospectus while our other client paid circa £1 per prospectus. We note that this client received a discount due to the volume of prospectus being printed. On further discussion with the client we found that while they provide links to the colleges website in the prospectus they do not provide Quick Response codes that when scanned by a smart device such as a tablet or phone opens promotional material automatically which is similar to Borders College.

1 EXECUTIVE SUMMARY

Work undertaken

Our work for this review included the following:

- A review of the Colleges Marketing & Communications Strategy to ensure it is linked to the Colleges overall strategic plan.
- A review of the Colleges marketing activities to ensure they meet the needs of the College and stakeholders.
- A review of the methods used to assess the effectiveness of the Colleges marketing activities.
- A review of the Colleges marketing programme.
- Discussions with the Principal, Heads of Faculties and Head of the Business Development Unit on the effectiveness and role of the Marketing Team.

1 EXECUTIVE SUMMARY

Conclusion

Overall Conclusion

Overall Conclusion: Strong

We can provide strong assurance over the design and effectiveness of the current marketing arrangements in place at the College. We can also provide strong assurance over the strategic approach to marketing and the mechanisms in place to measure the return from marketing and the methods used by the College. However, we have raised 2 medium grade recommendations for improvement, please see section 3 for further details.

Summary of Recommendations

Grading of recommendations

	High	Medium	Low	Total
Marketing	0	2	0	2

As can be seen from the above table there were no recommendations made which we have given a grading of high.

Areas of Good Practice

The following is a list of areas where the College is operating effectively and following good practice.	
1.	The College has a detailed Marketing and Communications Strategy for 2016-2020 which supports the aims of the Colleges Strategic Plan 2016-20. The Marketing and Publications Manager produces an annual Marketing Plan and Operational Strategy which details the practical activities that will be carried out throughout the year to support the Marketing and Communications Strategy.
2.	The College has strong links with employers and schools throughout the region and hold regular meetings to discuss College Activity. The College use these meetings to obtain feedback on what marketing materials work well then use this information to promote courses and the College. There was a meeting held with the local schools on 23rd November 2017 where the Head of Faculty - Construction, Engineering & Landbased noted that the general consensus of the most popular method of receiving the College prospectus was electronically.
3.	The College has robust systems of evaluation in place to ensure that marketing activities are appropriately scrutinised to ensure that the College are receiving best value. This is completed using website analytics, student surveys and the evaluation of the stories published in the press.
4.	The Colleges Marketing Plan and Operational Strategy documents the College's annual marketing activity. This document details the Colleges action plan on how it will meet the targets set in the Marketing and Communications Strategy. The document is a live document that is reviewed an updated regularly.

1 EXECUTIVE SUMMARY

The following is a list of areas where the College is operating effectively and following good practice.	
5.	A Quick Response Code (QR) is a matrix barcode that when scanned by a smart device such as a tablet or phone opens promotional material. The College use this facility to promote College courses and provide virtual tours of the College.
6.	The College use the Microsoft software, Yammer. This is a social enterprise social networking software. Yammer allows staff members to inform colleagues about College activity and events, share good news stories and share ideas. The Marketing Team use Yammer to pick up news stories that can be used to promote the College. The stories are then published on the Colleges social media accounts.

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Marketing

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	2	3
Number of recommendations at Borders College	0	2	0	2

From the table above it can be seen that the College has a lower number of recommendations compared to those colleges it has been benchmarked against.

3 DETAILED RECOMMENDATIONS

Communication with Senior Leadership Team			
Ref.	Finding and Risk	Grade	Recommendation
1.	Regular communication between the Marketing Team and the Senior Leadership Team is vital to ensure that the marketing needs of the College are met, ideas are shared and staff are aware of the services that the Marketing Team provide. During our review, we found that there are no regular meetings held between the Marketing Team and the Senior Leadership Team. During our review, we spoke with the Principal, Heads of Faculties and the Head of the Business Development Unit where during one meeting it was noted that they were not fully aware of the remit of the Marketing Team and all felt that a regular meeting to discuss marketing activity would benefit them and the College. There is the risk that the marketing activities of the College are not regularly discussed and reviewed within the College. There is also the risk that staff members are not fully aware of the responsibilities of the Marketing Team. *See page 11 for management response*	**Medium**	We recommend that the College Marketing Team meet with the College's Senior Leadership Team on a regular basis such as monthly or bimonthly.

Management response	Responsibility and implementation date
Agreed. There has recently been a change to the Marketing reporting structure (August 2018) where previously the Marketing Manager reported to a member of SLT who reported to a Vice Principal. The Marketing Manager now reports directly to the Principal. In order to ensure that there is effective communication between the HOFs and BDU regular meeting are currently being established with both groups. The first HOFs meeting took place in October and the second will take place in January and a regular timetable agreed. Attendance at these meetings should be added to the meeting agendas once the timeframe, either monthly or bimonthly has been agreed with the HOFs and Vice principal for Curriculum. The updated Marketing Operational Plan will also be shared at these meetings. Regular meetings are now agreed with the Head of BDU. A formal schedule of meetings still needs to be established. In terms of the remit of the Marketing Team, as is the case with all other areas within the College. The Intranet holds an area for each College department with roles and responsibilities. The Marketing area is one of those areas and is updated as required. This has been the case for some 8 or 9 years and clearly shows the role of the Marketing Team. The College intranet has been viewed 16,587 times in the period 1/1216 – 1/12/17 and the Marketing area viewed 207 times so clearly some members of staff are making use of this resource. However, the regular meetings with each of the areas identified will further ensure that there is greater opportunity for communication and understanding. However, staff should be encouraged to use all the resources available to avail themselves of appropriate information, which has already been made available.	*Responsible Officer:* Marketing and Publications Manager *Implementation Date:* 31 January 2018

Evaluation and Review of Printed Material for College Courses			
Ref.	Finding and Risk	Grade	Recommendation
2.	The College use several forms of marketing mainly electronic marketing such as the website and social media and by issuing hard copies of marketing material such as a prospectus. During our review, we held meetings with the Principal, Marketing & Publications Manager, the 3 Head of Faculties and the Head of the Business Development Unit. Following our meeting we found that there were conflicting opinions on the success of the printed marketing material. We found that the College have not carried out any evaluation and review of the success of the printed marketing material. We note that the College paid £1.86 per prospectus for 3,000 prospectuses while one of the two college clients we spoke to are no longer using printed prospectuses as they feel they are longer required and prepare a short course guide with links to their website. There is the risk that the College are not using the most successful marketing materials.	**Medium**	We recommend that the Marketing Team carry out an evaluation and review of the success of the College's printed marketing material.
Management response			Responsibility and implementation date
Agreed. The Marketing team will carry out an evaluation of printed marketing material with its key stakeholders with a view to report back to the College Executive Team with a recommendation.			*Responsible Officer:* Marketing and Publications Manager *Implementation Date: 31 March 2018*

4 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Audit Committee meeting.

Audit stage	Date
Fieldwork start	22 November 2017
Closing meeting	23 November 2017
Draft report issued	7 December 2017
Receipt of management responses	14 December 2017
Final report issued	22 December 2017
Audit Committee	8 February 2018
Number of audit days	2

5 KEY PERSONNEL

We detail below our staff who will undertake the review together with the Association staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Ross McLauchlan	Partner	ross.mclauchlan@wyliebisset.com
Senior Manager	Stephen Pringle	Senior Internal Audit Manager	stephen.pringle@wyliebisset.com
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Borders College			
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Key Contact	Deirdre McKendry	Head of Business Development	dmcke@borderscollege.ac.uk
Key Contact	Angela Cox	Principal	acox@borderscollege.ac.uk

5 KEY PERSONNEL

Key Contact	Davie Lowe	Head of Faculty – Construction, Engineering & Landbased	dlowe@borderscollege.ac.uk

Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.

APPENDICES

A GRADING STRUCTURE

For each area of review we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A GRADING STRUCTURE

For each recommendation we assign a grading either as High, Medium or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the College as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

B ASSIGNMENT PLAN

Purpose of Review

The purpose of this assignment is to review the design and effectiveness of the current marketing arrangements in place at the College. We will also review the strategic approach to marketing, the decision making process to determine which marketing models should be used, the mechanisms in place to measure the return from marketing and review the suitability of the methods used.

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Scope of Review

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- The effectiveness of marketing activities is regularly reviewed to ensure best value is obtained.
- There is an effective programme of marketing in place to meet the College's objectives.

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of Scope

There is no limitation of scope.

Audit Approach

Our approach to the review will be:

- Discussion with key College personnel to establish the current arrangement for marketing.
- Evaluating these arrangements to confirm their adequacy.
- Review of the strategic approach to marketing and the decision making process to determine which marketing models should be used.
- Review of the mechanisms in place to evaluate the return from marketing.

Potential Key Risks

The potential key risks associated with the area under review are:

- The marketing strategy does not comply with the College's operational and strategic plans.
- Marketing activities do not meet the needs of the key stakeholders.
- Best value is not received from the College's marketing activities.
- The College loses out to competitors due to poor marketing.