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AUDIT COMMITTEE REPORT

Subject: Internal Audit Assignment - Educational Maintenance Allowance Funds 2017-18	**Purpose:** **For Approval** ☒ **For Discussion** ☐ **For Information** ☐
Prepared by: Hazel Robertson, Vice Principal – Finance and Corporate Services	**Date:** 13 November 2018

Purpose: To consider the audit report on the College's Educational Maintenance Allowance 2017-18

Linked to Strategic Goal 2: Deliver successful outcomes for all our learners.

Executive Summary:
The audit report on the management of the College's Educational Maintenance Allowance (EMA) is attached.

The report has no recommendations for action and confirms that the audit certificate was submitted to the Scottish Funding Council (SFC) by 31 October 2018.

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For publication ☒	**For publication with redactions** ☐	**Not for publication** ☐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

Education Maintenance Allowance

2017/18

October 2018

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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. Even sound systems 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

Introduction

This report has been prepared following the conclusion of our audit of the "Educational Maintenance Allowance" for the year ended 31 July 2018

The audit certificate was submitted to the Scottish Funding Council (SFC) by 31 October 2018.

Summary of Recommendations

Current Year Recommendations	High	Medium	Low	Total
EMA Audit 2017/18	-	-	-	-

Prior Year Recommendations	High	Medium	Low	Total
There were no recommendations.				

1 EXECUTIVE SUMMARY

Conclusion

Overall Conclusion:
We have examined the books and records of Borders College, including evidence of spot checks of five per cent of applications and payments, with a minimum sample size of five students, 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 guidance issued by the SFC. We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate.

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 year ending 31 July 2017

Benchmarking	High	Medium	Low	Total
Average no. recommendations in similar audits	-	-	1	1
Recommendations at Borders College	-	-	-	-

As can be seen from the above table, the College has a lower number of recommendations in comparison to the colleges it has been benchmarked against.

Attendance System
The College changed their attendance recording system at the beginning of the year from Unit-e to Celcat. The College use Unit-e for reporting areas such attendance and credits while Celcat is used for timetabling and recording attendance. As a result, there were issues monitoring and recording attendance, the Student Funding Manager was therefore unable to monitor attendance and payment of support funds were paid to all students regardless of attendance until the issue was resolved at the end of January 2018. As a result a process had to be written to pull the information into Unit-E from CELCAT and the reports that had been written to extract the information for funding purposes no longer worked. The SFC were made aware of this and we can confirm they are happy with the action the College have taken of paying all students during this time. We can confirm that the reports from January 2018 were accurate and the College has taken the appropriate action and stopped payments where the attendance criteria was not met. We can also confirm following discussions with the Student Funding Manager that there have been no issues with the reports or attendance monitoring for 2018/19.

4 AUDIT ARRANGEMENTS

We detail below our staff who undertook the review together with the College 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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Auditor	Liam Donnachie	Internal Audit Assistant	liam.donnachie@wyliebisset.com

Borders College			
Key Contact	Carolyn Chapman	Student Funding Manager	cchap@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.

4 AUDIT ARRANGEMENTS

The table below details the dates of our fieldwork and the reporting of the audit area under review.

Audit Stage	Date
Fieldwork start	10 September 2018
Closing meeting	13 September 2018
Draft report issued	3 October 2018
Receipt of management responses	3 October 2018
Final report issued	5 October 2018
Audit Committee	22 November 2018
No of audit days	2

A AUDIT CERTIFICATE

Auditors' Report to the Scottish Funding Council for the Period from 01 August 2017 to 31 July 2018

We have examined the books and records of the above College, including evidence of checks of five percent of applications and payments, with a sample size appropriate to the size of the institution, 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 and the principles of the Education Maintenance Allowance programme.

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

Signature: Wylie & Bisset

Name of Firm: Wylie & Bisset LLP

Date: 5 October 2018

B GRADING STRUCTURE

For each recommendation we make we assign a grading either as High, Medium or Low priority depending upon 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