

Glasgow Kelvin College

Student Fees & Contracts / Registry

Internal Audit report No: 2024/07

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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 organisation to material risk and which requires to be brought to the attention of management and the Audit and Risk Committee.
Priority 2	Issue subjecting the organisation to significant risk and which should be addressed by management.
Priority 3	Matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.



Management Summary

Overall Level of Assurance

Good	System meets control objectives.
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Risk Assessment

There are no specific risks on the Glasgow Kelvin College ('the College') Risk Register relating to this area. This review focused on the controls in place to mitigate the risk that fee income due to the College is not raised or collected.

Background

As part of the Internal Audit programme at the College for 2023/24 we carried out a review of the systems in place in relation to Student Fees and Contracts / Registry. Our Audit Needs Assessment identified this as an area where risk can arise and where Internal Audit can assist in providing assurances to the Principal and the Audit and Risk Committee 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 fee waiver grant. The majority of full-time students on higher education courses are funded by the Student Awards Agency for Scotland (SAAS). For the remaining full-time 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 if they are from low-income families, and the fee income is recovered through the fee waiver grant. Overseas students pay higher fees than students from Scotland.

Scope, Objectives and Overall Findings

The main purpose of this review was to ensure that the policies, procedures and processes in place within MIS and Finance for the recording, processing, invoicing and receipt of student fees are operating effectively.

The table below notes each separate objective for this review and records the results:

Objective		Findings			
The objectives of this audit were to ensure that:			1	2	3
			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.	Good	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.	Good	0	0	0
Overall Level of Assurance		Good	0	0	0
			System meets control objectives.		

Audit Approach

From discussion with the MIS team and Finance staff we identified the key internal controls in place within the College's student fees process and compared these with expected controls.

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

Summary of Main Findings

Strengths

- Detailed guidance documents relating to student funding are available on the website for students to access in advance of application and during enrolment;
- Enrolment is completed online and imported in the Student Record system, Unit-E;
- The MIS Team review student fees at enrolment stage, with a further detailed review undertaken by the Sales Team by faculty once enrolment is complete. This is monitored on an ongoing basis to ensure the correct fee source is applied to each student and invoiced appropriately. This was evidenced during sample checking;
- Where a student is not self-funded, supporting evidence is required to ensure that the correct finance source is applied to the student;
- Data is transferred between the student records system and finance system on a daily basis with several checks and approvals required ensuring accuracy;
- From sample testing we were able to determine that where invoices had been raised, these were correctly raised in line with the fee recorded on the student record and finance systems. These fees were also confirmed to be in line with the College's tuition fee table for 2023/24. In two instances, invoices had not been raised due to employers not providing the required information, however there was evidence of action being taken to resolve this;
- There are detailed and up to date Debt Management policies and procedures in place. From walkthrough testing we determined that these are followed in practice; and
- Write-off of debt is reported to and authorised by the Finance and Resources Committee.

Weaknesses

- No significant weaknesses were noted from the work performed.

Acknowledgments

We would like to take this opportunity to thank the staff at Glasgow Kelvin College who helped us during the course of our audit visit.

Main Findings

Objective 1 - Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS.

Detailed guidance documents about student funding are available on the College website. This includes guidance for:

- Further Education (FE) Full Time;
- FE Part Time;
- Higher Education (HE) Full Time; and
- HE Part Time.

It is noted within these guidance documents that a student nationality and the country where they normally live determine the fee status and the cost of tuition fees. If students are unsure at the time of application what their fee status is, they may fill out a Residential Eligibility Form and send this to the Finance Team who will then be able to clarify their fee status. The guidance forms include advice for students who are Scottish, Rest of UK, European Union, International (non-EU) and Asylum Seekers.

Students who are not eligible for funding pay their own tuition fee and are deemed to be self-funded students. The tuition fee that is owed varies depending on the fee status of the student and course of study. As per the guidance document it is expected that students pay the full fee for any programme of study prior to the commencement of the programme, however the College will typically arrange for a payment plan to be set up for students unable to pay the total fee outright. For a full-time course this would typically be split evenly over eight months however may vary depending on the length of the course and the students' circumstances.

A student's fees may also be paid by an employer or sponsor, meaning that the employer or sponsor would be invoiced directly. If confirmation of sponsorship is not received within three days of the start date of the course, the student may become liable for fees due.

We discussed the application process with a member of the MIS Team to establish how student record information is gathered and checked for accuracy. The application process typically begins in January and will remain open until the new academic year begins in August, for courses that begin at that stage. Once the application has been assessed, successful students will be made an offer for a place at the College on a conditional or unconditional basis. Once an applicant has accepted an offer, they will be required to enrol prior to starting their studies with the College.



Objective 1 - Enrolment procedures across the College are sufficient to ensure accuracy of student records information, including adequate checking of student data by MIS (Continued).

Enrolment is made available to students who have accepted an unconditional offer online in May of each year through an online services portal. This will also open to students with conditional offers upon meeting the conditional requirements. Students are required to complete all sections of the form prior to submitting, with guidance on the website available to support students who may be unsure on how to complete sections such as residency or finance source. Students are also able to complete a paper enrolment form if needed or preferred, which will then be uploaded into the online Unite system by MIS staff.

The enrolment form contains information about finance source, showing how a fee for the course will be paid. For full time FE students, this is typically source of finance (SoF) 22: Fee waiver – full-time non-advanced, and for HE students SoF 01: SAAS. If a student is on a FE part time course and in receipt of certain benefits, they may be entitled to a part time fee waiver and should select the most relevant option to their circumstances. If a student is going to be paying their own fees, this should be recorded as SoF 14: Self Financing for home students, or SoF 36: Self-financing (full rate) for overseas students.

To minimise issues relating to student fee codes, MIS staff will apply a blanket fee code to full time courses, either SoF 22 for FE or SoF 1 for HE, however this can be manually overridden by students for other applicable fee codes such as those self-financing or whose fees will be paid by an employer or sponsor. A student's residency will also be taken into consideration as to whether they will be eligible for funding. From discussion with MIS staff, it was noted that the team perform a high-level review and correct any fee codes which have been incorrectly input by students at enrolment. Once enrolment is complete, the records are transferred to the Finance and Sales teams. Each Faculty is assigned to a member of the Sales Team who takes responsibility for ensuring that the fee code is correct, and payment is processed. The Sales Team review each student record individually to ensure that they have been assigned the correct fee code, and updating records as required. Errors in fee code are common at enrolment due to students being unsure what their fee code should be, or expected funding not being available to a student.

For the fee data to be accurate it is vitally important that the information captured in Unit-E is as accurate and complete as possible. From a download of Unit-E data that we obtained during our audit we performed a high-level review of the data focusing on the fields which would potentially impact the amount of fee being raised. Our review considered whether the SoF code, residency status and fee status appeared in line with other data fields including the student mode of attendance, course title and residency. We discussed our findings with the Finance and Sales teams and determined that the information was accurate, and where records were incomplete, a reasonable explanation was provided.



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.

Data is transferred between the student records system, Unit-E and the finance system, SUN Systems on a daily basis. This includes receipts, invoices and refunds for both students and organisations. The transfer files are prepared by the Sales Team, with either of the Sales Team Finance Assistants able to complete the files. This is typically completed by a different member of staff each day to ensure that any errors from the previous day would be identified and can be amended. A file is set up for each day with folders for student invoices, student receipts, organisation invoices, organisation receipts and refunds containing relevant supporting evidence. Once the file has been prepared this is reviewed against the supporting documentation to ensure the data is complete and all data has been correctly transferred, and against the bank and approved by the Management Account Assistant. All approvals are made through MS Teams, so all members of the Finance Team are aware of approvals and receive instant notification of when this has been completed.

Once this has been approved, a report will be run from Unit-E and copied into the journal header template for that day. This again will be reviewed prior to being uploaded to SUN via the transfer desk. The Management Account Assistant reviews to ensure the data has been correctly and completely transferred over and is reconciled, and final review and authorisation is completed by the Finance Manager.



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 identified under Objective 1, the students' SoF is identified during enrolment and transferred to Unit-E based on this information. It was established that each course has an agreed fee. For home students, a standard full time FE course is £1,008, for a full time HE course is £1,285, and for part time HE course is £642.50. For international students this is £4,600 for standard FE courses and £5,900 for standard HE courses. Courses may also have different fee values depending on the funding source or if a separate fee has been agreed as part of a contract to deliver a course.

Where students are not entitled to funding through SFC or SAAS, they will be required to be self-funded. Alternatively, students may be sponsored by an employer and fees financed by them.

Fees may be paid through a variety of methods including World Pay, bank transfer or BACS. Students who are self-funding may also be able to arrange to pay their fees in instalments, typically over a period of eight months, by direct debit.

As part of our testing, we selected a sample of 25 students and tested the following:

- Agreement of the SoF in the system to the Unit-E report from which our sample was selected;
- Ensuring an invoice had been raised to the appropriate party;
- Agreeing the fee to rates for 2023/24;
- Ensuring invoice agreed to fee;
- Fee correctly transferred to SUN; and
- Payment where applicable.

During our testing we noted that there were several issues with the SoF not agreeing to the sample report. In each instance this was due to the SoF being updated by the Finance Team to align with the students' actual finance source which agreed with the evidence provided during testing. As noted under Objective 1, students may not be sure what their finance source is at enrolment, or this may change if eligibility for funding changes. When the SoF is confirmed, the Sales Team will update the source within the students record and process the fee as required. This is monitored on an ongoing basis to ensure that the students fees are paid, with debt management procedures being followed if required. Home students on a part time course may also be entitled to a fee waiver if in receipt of certain benefits. If this entitlement cannot be evidenced, the student will instead be required to be self-funded.

At the time of our original testing in February 2024, it was noted that invoices had been raised for 19 of the 25 sampled student fees. This was followed up again in April 2024 where it was determined that a further two invoices had been raised. Of the remaining four students, one had withdrawn resulting in no invoice being raised. For a further student, the student was originally deemed to be self-financing, however on further investigation was eligible for a fee waiver which meant no invoice was required to be raised for this student also. For the remaining two students, no invoice has been raised to date. In both cases this was supported by the explanation that a completed Employers' Declaration Form had not yet been returned to the College to confirm that the employer would take responsibility for the student's fees and details of where to invoice the fee to. We noted that in each case, this was being followed up by the Sales Team and actions recorded on the system.



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

In each of the 21 cases where an invoice had been raised, we confirmed that this was in line with the fee amount recorded on the Unit-E system. Nine of these were agreed to standard College fee rates and the remaining 12 were agreed to contractual agreements in place with the course provider. Both remaining fees which are still to be invoiced have been agreed to standard College fee rates with no issues noted.

We agreed each of the 19 invoices which had been raised at the time of our initial testing to the SUN finance system. At the time of our testing, two of these invoices had not been paid. One was not yet due for payment and the other undergoing debt recovery procedures. For all 17 invoices that had been paid, we were able to trace this payment to the bank account.



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

The College has documented Debt Collection Procedures (June 2023) and Debt Collection Agency Procedures (June 2023). It is noted within the procedures that efficient recovery of debt in a timely manner is key to management of cash resources and is essential for maintaining adequate cashflow in line with SFC resource limit requirements.

Debt management and recovery in relation to student fees was discussed with the Finance Team. It was established that all invoices relating to student fees have 30-day payment terms however, as noted above, students may enter into a payment plan agreed with the College at the beginning of each academic year if they are unable to pay the total fee upfront. The due date of each invoice should be input to the sales ledger to ensure that aged debt reports are accurate. Unpaid invoices are reviewed throughout the month and an overall debt report run as part of standard month end processes. All actions taken to follow up outstanding debt must be recorded within the SUN system and an alert created in Unit-E allowing for an appropriate audit trail. As established within the Debt Collection Procedures, it is noted that standard debt action is as follows:

- 30 days / failure to pay by agreed date – first written reminder;
- 45 days – second written reminder; and
- 60 days – final written reminder.

Should the debt still remain at this stage, the College should consider whether the debt will be referred to the debt collection agency, be considered for write off, or other action agreed. The College must also consider internal consequences such as withholding teaching provision, withdrawing access to the College's computer system, withholding ability to attend classes or withholding certification. These actions would follow agreement from the relevant head of teaching until such a time that the debt has been paid or a payment plan entered into.

The Debt Collection Agency Procedures are applied when the decision is made to refer the debt to the debt collection agency. The minimum debt that can be referred is £50, although debts under £150 are not typically referred due to the cost associated with this service. Student debt relating to students under the age of 18 will not be referred to the debt collection agency. Although not referred to the agency, debts below £150 or relating to students under the age of 18 will be marked on the students record to prevent any further debt being allowed to accrue. The agency may take a number of actions including recommending legal action, carrying out a trace or recommending write off. The Senior Management Team considers that it is typically not in the best interests of the College to take legal action against students and as such the decision to undertake legal action is rare.

The decision will be made to write-off debts once recommended by the debt collection agency or all other recovery options have been exhausted. Debt write-off is submitted to and authorised by the Finance and Resource Committee at each meeting.

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

During testing we reviewed the aged debtor reports relating to outstanding tuition fees for both students and companies at February 2024. This report is produced by the Financial Accountant as part of the month end process and reviewed by the Sales Team. The report is divided into four categories:

- To be followed up;
- Not yet due / other arrangements in place;
- Paid; and
- Direct Debit.

From review of the debt report, we noted it is automated to be colour co-ordinated in line with the above categories to allow for easy review of this information. Each member of the Sales Team takes ownership of the faculties they are primarily responsible for, and monitors debt for students enrolled in these areas. This may include communicating with lecturers, students where they are self-financing, or with employers where students are employer funded.

We performed walkthrough testing on site for three instances of aged debt, one at each stage of debt action, to ensure that the procedures had been correctly followed. In each of these instances we were able to confirm that appropriate action had been taken including the issuing of the correct number of letters for the age of the debt and submission to the debt collection agency where applicable. We were able to confirm that each stage of the debt collection process was correctly logged on the SUN finance system, supported by appropriate documentation where applicable, and monitored on an ongoing basis to ensure appropriate follow up.

We reviewed minutes from the Finance and Resources Committee that took place between the period April 2023 and February 2024 and were able to see evidence that write-offs relating to student fees were reported to and authorised by the Committee in May, September and November 2023.



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