

## Meeting of the Group Audit and Risk Committee

3.30 - 6.30 pm on Thursday, 11 November 2021  
in 1B16 - Technopark, SE1 6LN

### Supplement

<i>Item</i>	<i>Pages</i>
Subsidiary audit reports:	3 - 72
• SBC income	
• SBC student experience	
• SBC finance system recovery	
• SBC staff absence management	

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	INTERNAL
Paper title:	Internal Audit Subsidiary Reports
Board/Committee:	Group Audit and Risk Committee
Date of meeting:	11 November 2021
Author(s):	BDO
Purpose:	For Information
Recommendation:	The Committee is requested to note the reports.

## **Executive summary**

Reports from internal audit reviews in South Bank Colleges and South Bank Academies are presented here to GARC for information:

- SBC Income
- SBC Student Experience
- SBC Finance System Recovery
- SBC Staff Absence Management
- SBA Facilities Contract Management (report to follow)
- SBA Student Experience (report to follow)

## **Recommendation**

The Committee is requested to note the reports.

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# SOUTH BANK COLLEGES

## INTERNAL AUDIT REPORT - FINAL

INCOME  
OCTOBER 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited



# SBC - INCOME

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## DISTRIBUTION

Rachel McCafferty	College Chief Finance Officer
Bridget Omakobia	Head of Finance, Payroll & Pensions



## REPORT STATUS LIST

Auditors:	Emma Higgins, Raminta Suliauskaite
Dates work performed:	20 April - 11 June 2021
Draft report issued:	7 September 2021
Final report issued:	29 October 2021

# SBC - INCOME

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design		System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness		Non-compliance with key procedures and controls places the system objectives at risk.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		
Medium		 5
Low		

### TOTAL NUMBER OF RECOMMENDATIONS: 5

## BACKGROUND:

An audit of financial controls is included annually within the Internal Audit Plan. Management requested the audit for 2020/21 focused on income (specifically on fully self-funded students, advanced learner loan students and exam fees) and credit control.

The majority of the College's income comes from the ESFA and GLA. Other sources of income include tuition fees from self-funded (either partially or fully) students, advanced learner loans, apprenticeships, exam fees and adult learning support. There are also other sources of income such as lettings, which the College receives. Income in 2020 from tuition fees, education contracts and funding council grants (excluding capital grants) amounted to £22.6m.

Collection of tuition fees involves a number of teams including the Finance, MIS and Admissions teams.

The Admissions team is responsible for enrolling students, identifying the funding stream the student belongs to and ensuring that payments are received at enrolment, if required. Fee and payment information should be captured within the enrolment documents that are checked and signed off by the Room Manager at enrolment and retained by Admissions.

Due to the lock down an online enrolment process was implemented and as part of this an online payments system WPM, was introduced. This allows students to pay fees directly and can be used to set up payment plans for students that need to split the cost of their fees over a period of time. The WPM system should be integrated with the new enrolment system which will be implemented later this year.

## SCOPE AND APPROACH:

We conducted interviews with key staff, including the College Chief Finance Officer, Head of Finance, Payroll and Pensions and Head of MIS, to identify the controls in place regarding the invoicing and collection of income.

## SBC - INCOME

We completed walkthroughs of how ESFA and GLA funding is recognised, coded and reconciled to the remittance advices received. For the income received in January, February and March 2021 we sought to match the remittance advices to the bank payments and to the schedules of income for the year.

The Fee policy in place was reviewed and we sought to identify how the College ensures exam fees are identified and paid prior to re-sits and remarks being booked and if this was in line with the policy. For a sample of three exam fees recorded in the accounting system we sought to match the income recorded, to the bank statement payment and record of the exam fee being taken.

A walkthrough was completed of the Advanced Learner Loan process and how applications are monitored. For a sample of five students with successful applications we confirmed whether their funding stream was identified during the enrolment process, if the appropriate evidence was in place at enrolment, if loan payments had been received and if they were recorded on the student's record. For a sample of three ineligible and three cancelled loan applications we reviewed the enrolment documentation to confirm if the appropriate evidence was in place at enrolment to record them as receiving advanced learner loans, confirmed their current funding method and if there were outstanding student fees, confirmed that this had been communicated to Finance and the debt chased.

For a sample of ten self-funded students we confirmed whether the enrolment documentation was in place, that payment was taken at enrolment and payments made were recorded on their accounts. For a sample of three students on a payment plan we reviewed the payments made, matched these to the bank payments and sought to obtain the payment plan declaration.

A walkthrough of the WPM system was completed including how this is used at enrolment and how payments are reviewed and reconciled. The training provided to the enrolment team on the WPM system was reviewed to assess if it provided sufficient information.

The past three immediate payment reports from the WPM system were obtained and we matched these to the bank payments that were received. A sample of five immediate payments that had been received were matched to the student's file to confirm the payment was recorded. For five students on WPM payment plans we matched the payments received to the student's records.

We confirmed the process for chasing overdue debts and how aged debts are reported. For a sample of ten aged debts we requested evidence of the debts being chased and considered if this was sufficient.

### GOOD PRACTICE:

The new WPM system allows students to make payments directly to the College. Students on a payment plan can also be set up on the system to allow an easier overview of the payment plans in place.

### KEY FINDINGS:

Our review identified five medium significance findings where the design and effectiveness of the controls in place should be improved. These relate to:

- There is a lack of procedures in place for income management activities and it was not always clear where responsibilities for activities sat.
- There is no evidence that reconciliations are being consistently completed between the funding received and the funding expected for ESFA, GLA and Advanced Learner Loans.
- A formal documented debt chasing policy is not in place and actions taken to chase debts are not recorded. Additionally, no evidence was provided to us of aged debt



## SBC - INCOME

reporting being undertaken.

- During the audit there were a number of pieces of evidence requested from the Admissions team that were not provided, including enrolment forms and instances where evidence did not sufficiently show the control or was inaccurate.
- Exam resit fees are not being charged in line with the fee policy.


### CONCLUSION:

Based upon the audit work undertaken we are able to provide limited assurance over both the design and operational effectiveness of the controls in place to manage account receivables and aged debts at SBC.

# SBC - INCOME

## DETAILED FINDINGS

### RISK: DEBTS ARE NOT PROACTIVELY CHASED LEADING TO DELAYS IN RECEIVING INCOME ON A TIMELY BASIS

Ref	Sig.	Finding
1		<p>There is a lack of procedures in place for income management activities and it was not always clear where responsibilities lie.</p> <p>Throughout the audit we met with staff across the Finance, Admissions and MIS teams and were informed of a number of conflicting processes and responsibilities. In some cases through multiple interviews and reviewing documentation we were able to ascertain the processes in place.</p> <p>Specifically, there does not appear to be a clear process in place to identify students with outstanding debts on their student files. While existing self-funded students and students with outstanding debts should be identified at enrolment and payment made, there are no controls to ensure debts are identified and chased if a current student fails to re-enrol in the following year. If funding is withdrawn or loans not obtained after enrolment then chasing these debts relies on the MIS or Admissions teams informing Finance.</p> <p>A report can be run which shows students with outstanding debts but only one staff member was aware of how this can be produced and they are not responsible for providing it to Finance.</p> <p>There were also a number of other areas of the review where issues were identified due to unclear responsibilities or lack of procedures for reconciling funding received, allocation of advance learner loan funding (see finding 2) and debt chasing (see finding 3).</p> <p>Where responsibilities are unclear and processes run across a number of departments, there is the potential that there are gaps in the processes as it is assumed that controls are occurring elsewhere. If processes are not captured in guidance notes and staff leave the organisation then this could lead to lost knowledge and gaps in the processes.</p>

#### RECOMMENDATION:

The Admissions, MIS and Finance teams should collectively identify and record the current income management procedures including the team and people responsible for completing the different stages.

The gaps identified in the audit should be addressed and procedure notes implemented to support activities. Responsibilities should be clearly assigned and communicated to the appropriate staff member and team.

All procedures should be held in a central location accessible to all of the Finance, Admissions and MIS team. These should be reviewed and updated at least annually and as changes occur.

#### MANAGEMENT RESPONSE:

The recommendation is noted by management and accepted. The difficulties in assessing areas of responsibilities during the course of this audit has also highlighted the underlying issues and need for a clear cross College procedure and appropriately assigned procedures.

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# SBC - INCOME

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Responsible Officer: Bridget Omakobia Head of Finance and Sultan Khan Head of Customer Services, Exams Manager. CLG leads: Alistair Dunkwu Head of MIS and Rachel McCafferty, CFO


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Implementation Date: 31/03/2022

# SBC - INCOME

RISK: ESFA AND GLA INCOME IS NOT RECOGNISED IN LINE WITH FORECAST SCHEDULES AND/OR IS NOT APPROPRIATELY CODED

Ref	Sig.	Finding
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- |   |   |   |
|---|---|---|
| 2 |  | <p>Lambeth College is provided with schedules in the funding agreements from the ESFA and GLA that detail when payments will be received. We identified the following issues:</p> <ul style="list-style-type: none"> <li>• There is no documented evidence of reconciliations being completed between the funding that is received from the ESFA for adults and apprenticeships or from the GLA to the schedule.</li> <li>• Reconciliations to the schedule for ESFA funding for 16-18 year olds are not documented and evidence for an Advance Learner Loan reconciliation was not provided.</li> <li>• We were informed by the Finance Officer that schedules were not provided to her to perform the reconciliation and it was not clear whose responsibility it was to provide the Finance Officer with the latest funding schedules.</li> <li>• Responsibility for reconciling funding was not clearly documented and so the Finance Officer was not aware that this should be completed.</li> </ul> |
|---|---|---|

Through testing, we were unable to match the Apprenticeship funding for January, February or March 2021 to the schedule and the ESFA 16-18 funding did not match by £34,595.52, for March 2021. We were informed that the 16-18 funding was likely due to a late adjustment to the schedule although this was being investigated by management.

When funds are received the Finance Officer will match this to the remittance advice but evidence of this check is not retained.

We were informed that a reconciliation is completed between the Advanced Learner Loan income received and what is expected by the College but evidence of this was not provided and the reconciliation is not completed until year end. Additionally, the MIS team should upload the monthly payments in to the student record system but from a sample of five students with advanced learner loans, the payments for all five students and loans for two students were recorded inaccurately in the system.

Management informed us that there is a variance check made when the management accounts are produced and therefore differences would be identified then. However, where income received is not reconciled to supporting documentation there is a risk that the College doesn't identify in a timely manner if it has received incorrect amounts from funders which could impact upon cash flow.

## RECOMMENDATION:

Where reconciliations are completed between the funds received and the remittance advice this should be evidenced and signed off as approved.

Responsibility for matching the schedules of income to actual income should be formally assigned and processes should be implemented to ensure that the most up to date schedules are available to the staff member completing this check. Any discrepancies should then be raised and investigated.

## SBC - INCOME

It should be identified why Advanced Learner Loan income and loans have not been assigned to students accounts and staff reminded of their responsibility to do so.

All processes should be captured in process documents with responsibilities clearly assigned.

### MANAGEMENT RESPONSE:

The recommendation is noted. Management will take action to provide updated training to key personnel in this area, implement a clear documented process for reporting and ensure that clear written procedures are established and in line with best practice. The importance of having good operational financial controls in place are noted in order to ensure good quality reporting.

Management did highlight that further controls are in place through the management accounts reporting cycle to ensure that revenue reported is in line with grant funding schedules, although at the time of the audit management accounting information was limited due to the effects of losing finance systems during the cyber-attack.

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Responsible Officer:       Bridget Omakobia Head of Finance

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Implementation Date:   31/03/2022

# SBC - INCOME

## RISK: DEBTS ARE NOT PROACTIVELY CHASED LEADING TO DELAYS IN RECEIVING INCOME ON A TIMELY BASIS

Ref	Sig.	Finding
3		<p>A formal documented debt chasing policy is not in place and action taken to chase debts is not recorded. Additionally, aged debt reporting is not undertaken. The College's most recent aged debt report identified aged debts of £489,644.</p> <p>We were informed that a three letter process would be undertaken with the initial letter being sent after 30 days and the next two letters being sent at two week intervals, if no response is received. However, a review of a sample of ten aged debts showed that this process had not been followed in all cases and details of what action had been taken is not always documented. We were informed that different processes are carried out for specific debtors and that external factors such as year-end and external audits had prevented debt chasing from occurring.</p> <p>At the time of the audit debt chasing had not occurred since 30 November 2020 due to the LSBU Group-wide system outage and the inability to access records.</p> <p>We were also informed that other than the year-end report used to create the bad debt provision, aged debt is not regularly reported.</p> <p>Where a formal up-to-date debt chasing policy is not in place and aged debts are not reported on, there is the potential that aged debts are not being followed up on as expected. If the actions taken to chase the debts are not recorded then if staff leave or are unavailable then it will be unclear what actions have been taken and this knowledge may be lost.</p>

### RECOMMENDATION:

A formal documented debt chasing policy should be created and this should cover all the types of income that are managed by the College.

Details of the actions taken to chase aged debts should be recorded on the debtors file or on an aged debtor report which is saved in a central file. Any formal letters sent to chase debt should also be saved in this area.

The aged debt position should be reported at least monthly to the Head of Finance, Payroll and Pensions and spot checks should be completed on the actions undertaken to chase the debtors.

### MANAGEMENT RESPONSE:

There is a Group wide procedure in place to ensure that Aged Debt positions are reviewed and reconciled on a monthly basis, forming part of the routine month end close procedures. The findings of this report indicate that there is insufficient review and implementation of those procedures. Aged debt reporting is expected to be carried out routinely every month and a key driver of debt management. Immediate action will be taken to ensure Aged Debt Report is produced, reviewed and filed monthly as recommended.

The absence of documented procedures is also noted and work is underway to address this. Management will take action to provide updated training to key personnel in this area, implement a clear documented process for reporting and establish clear written procedures.

# SBC - INCOME

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Responsible Officer:      Bridget Omakobia, Head of Finance

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Implementation Date:      31/12/2021

# SBC - INCOME

**RISK: INCOME DUE FROM FULLY SELF-FUNDED STUDENTS, ADVANCED LEARNER LOAN STUDENTS AND FROM EXAM FEES IS NOT IDENTIFIED, INVOICED OR COLLECTED IN A TIMELY MANNER**

Ref	Sig.	Finding
4		<p>During the audit there was evidence requested from the Admissions team that was not provided.</p> <p>A number of samples were chosen throughout the audit to test the controls in place. The following evidence was not provided/was inaccurate:</p> <ul style="list-style-type: none"> <li>• Nine enrolment forms were not provided. Management informed us that these could not be found.</li> <li>• Ten of the enrolment forms provided did not show sufficient evidence of the room manager check.</li> <li>• One learner loan declaration was not provided, we were informed it was missing.</li> <li>• One funding eligibility form was not counter signed by Advanced Learner Loan Support. We were informed that this would not have been a requirement at this time but it was provided at enrolment and held on file.</li> <li>• Payment plan agreements were not in place at enrolment for two students.</li> </ul> <p>Additionally, we noted the following details where processes have not been completed appropriately:</p> <ul style="list-style-type: none"> <li>• One exam fee payment was incorrectly taken through WPM which should only be used for course fees or at enrolment.</li> <li>• Payments were taken from one student recorded as fully funded. It is unclear why payments were made.</li> <li>• Payments should be recorded on student files when they are made. Four students had payments recorded on their account after the payment date.</li> <li>• One payment was recorded as made by debit card not an online payment, which makes reconciling the payments received to those recorded more challenging. Also, if a refund was required, there is a risk that the original payment method would not be used.</li> </ul> <p>We were informed that where there is inaccurate recording of payments by Admissions, Finance was unable to reconcile the payment reports, till receipts and cash receipts. The reconciliation between the immediate payment report from WPM and the cash received is not documented.</p> <p>Where evidence is not appropriately recorded and retained then there is the possibility that controls were not completed or that key information may be lost. Where processes are not appropriately followed then errors may occur in the data recorded or payments made.</p>

## RECOMMENDATION:

The errors and missing information identified should be investigated to confirm if the documents can be located and discrepancies resolved.



## SBC - INCOME

Spot checks should be implemented to review enrolment documents to ensure they are in place, have been appropriately signed off and payments recorded on the student file.

Staff should be reminded of the appropriate procedures regarding payments using the WBM system and additional training considered if issues persist.

### MANAGEMENT RESPONSE:

The recommendation is noted and accepted. Following enrolment activities in August-September 2021 a summary of issues arising during these activities has been maintained and a 'lessons learnt' workshop is planned to take place in early 2022. The recommendation noted here will be incorporated into that work in order to bring procedural improvements to this key area.

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Responsible Officer:	Bridget Omakobia Head of Finance and Sultan Khan Head of Customer Services
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Implementation Date:	Ongoing to 30/06/2022
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# SBC - INCOME

RISK: INCOME DUE FROM FULLY SELF-FUNDED STUDENTS, ADVANCED LEARNER LOAN STUDENTS AND FROM EXAM FEES IS NOT IDENTIFIED, INVOICED OR COLLECTED IN A TIMELY MANNER

Ref	Sig.	Finding
5		<p>Exam resit fees are not being charged in line with the Fee policy.</p> <p>The Fee policy states that exam fees may be charged where the retakes are due to a previous failed exam, to improve scores or if a remark is requested by the student. These fees are not currently being charged to students.</p> <p>Exam fees should be paid prior to the resit being booked to ensure the payment is received. Responsibility for ensuring this sits within the MIS team but this is not clearly documented and responsibility was difficult to establish during the audit as staff were unaware of the process.</p> <p>Additionally, evidence is not retained of the date of booking an exam and so we were unable to confirm if the payments were made and confirmation received prior to the booking date.</p> <p>If exam fees are not being charged in line with the Fee policy there is the potential that the College is inappropriately incurring these costs when they should be paid by the student. Additionally, if the exam fee process is not clearly identified and documented then there is the potential that appropriate controls are not in place to ensure that exam fees are paid prior to exams being booked.</p>

## RECOMMENDATION:

The Fee policy should be reviewed and the College should confirm if it still plans to charge students for retakes and remarks when they fall under this criteria. If this is not the case then the Fee policy should be updated to reflect the current process. If the Fee policy remains the same, a process should be developed for ensuring the exam fees are paid prior to bookings being completed and evidence of this should be retained. This process should be documented in a process note.

## MANAGEMENT RESPONSE:

The recommendation is noted. The policy does allow discretion as to whether charges for re-sits are made and this is likely to be retained. A review of management's current approach to charges for re-sits will be referred to the College Leadership team.

The process for booking exams will be reviewed in light of this recommendation.

Responsible Officer: Alistair Dunkwu, Head of MIS

Implementation Date: 31/03/2022

# SBC - INCOME

## OBSERVATIONS

### CODING GUIDANCE

There is a document called SBC Chart of Accounts with Mapping to LC Codes which was used by Finance in 2019 during the transfer from the previous accounting system to Agresso. We found that staff were still using this document to understand where income should be coded and understand that errors in coding are still occurring.

### DEBT CHASING

Debt chasing did not occur between December 2020 and May 2021 due to system outages as a result of the cyber incident.

### EVIDENCE NOT PROVIDED

We were not provided with a screen shot of the report of outstanding Advanced Learner Loans. We saw this via screen sharing but were not provided with the screen shot to allow us to match the details to the evidence of the student's documents being chased.

### UNRESOLVED QUERIES

A number of queries were raised as part of the audit the following were not resolved:

- One student has a balance of -£2,290 on their file, it is unclear why this is the case
- We were unable to match the accounting value to the bank value (£470 compared to £460) for debit card payments taken on one day.

# SBC - INCOME





## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.




Michael Clarke	Customer Services & Admissions Supervisor
Alistair Dunkwu	Head of MIS
Natalie Ferer	Group Financial Controller
Michelle Lawrence	Timetabling & Funding Compliance
Rachel McCafferty	College Chief Finance Officer
Bridget Omakobia	Head of Finance, Payroll & Pensions
Caren Ruiz	Finance Officer
Isaac Siwale	Advanced Learner Loan Support

# SBC - INCOME

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# SBC - INCOME

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over the controls the College has in place to manage its accounts receivable and debt chasing activities.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- ESFA and GLA income is not recognised in line with forecast schedules and/or is not appropriately coded
- Income due from fully self-funded students, advanced learner loan students and from exam fees is not identified, invoiced or collected in a timely manner
- Payments made through the online payment system are not allocated to the correct students
- Debts are not proactively chased leading to delays in receiving income on a timely basis.

### SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Reconciliation and coding of ESFA and GLA income against forecasts
- Identification and invoicing of income relating to fully self-funded students, advanced learner loan students and exam fees
- Allocation of receipts made through the online payment system
- Debt chasing procedures and monitoring of payment plans.

Invoicing arrangements will focus on fully self-funded students, advanced learner loan students and exam fees only. Debt chasing procedures will cover all debts as the same process is followed.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

# SBC - INCOME

## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

We will assess whether there are appropriate controls in place to recognise ESFA and GLA income in line with schedules and to correctly code this income.

We will review the controls in place for identifying and invoicing income relating to fully self-funded students, learner loan students and for exam fees. We will also assess whether invoicing takes place in a timely manner and whether roles and responsibilities for this are clearly assigned. We will also assess whether income is being collected in line with College policies and whether instalment plans are being set up correctly and monitored.

We will walk through the online payment system and assess whether there are appropriate controls in place for payments to identify and allocate payments correctly. We will review the overnight reconciliation process from the payment system and Agresso to assess whether this is working effectively.

The debt chasing procedures will be reviewed to assess whether robust and whether these are being followed in practice. We will test a sample of debts to assess whether the procedures are being complied with.

## DATA ANALYTICS:

We have considered the use of data analytics as part of this audit and the following tests will be performed:

KEY RISKS	DATA ANALYTICS TO PERFORM
Income due from fully self-funded students, learner loan students and for exam fees is not identified or not invoiced in a timely manner.	Compare funding status in student record system to invoices raised for fully self-funded students and learner loan students.
Debts are not proactively chased leading to delays in receiving income on a timely basis.	Assessment of whether debts are being chased in line with debt chasing procedures.

We will perform the data analytical work in advance of our site fieldwork. Any exceptions found will be communicated and investigated during our fieldwork.

FOR MORE INFORMATION:

**IN NORTHERN IRELAND**

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# SOUTH BANK COLLEGES

## INTERNAL AUDIT REPORT - FINAL

FINANCE SYSTEM REVIEW  
OCTOBER 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Substantial



# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

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## DISTRIBUTION

Natalie Ferer	Group Financial Controller
Rachel McCafferty	College Chief Finance Officer
Bridget Omakobia	Head of Finance, Payroll & Pensions



## REPORT STATUS LIST

Auditors:	Belinda Hu and Maria Esposito
Dates work performed:	05 - 13 July 2021
Draft report issued:	7 September 2021
Final report issued:	29 October 2021

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design		Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness		The controls that are in place are being consistently applied.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		
Medium		
Low		

TOTAL NUMBER OF RECOMMENDATIONS: 1

## BACKGROUND:

As a result of the cyber-incident which occurred at LSBU in December 2020, the College was unable to access the systems which were hosted by LSBU. The systems impacted were the financial system, Agresso, and the HR/Payroll system, iTrent.

Although the College was unable to maintain normal accounting and payroll records from 13 December, it was able to operate key financial functions such as accounts payable and payroll by maintaining manual ledgers.

The College determined which suppliers to pay by going through the invoices in the Accounts Payable central inbox, and comparing it to the November 2020 payment list to identify duplicates. The payment list was prepared by the Purchase Finance Officer and then reviewed by three other members of Finance staff, including the Head of Finance, Payroll & Pensions and the College Chief Financial Officer. Two duplicate payments (totalling £27,407) were identified in March 2021 when a reconciliation took place, and they were subsequently recovered.

As the majority of HR's information is stored locally on the College's network, the College was able to pay its staff based on actual leave records and timesheets. Overpayments were later identified when iTrent was accessible in February 2021, and claimed back in subsequent payroll payments. These overpayments totalled c£5k (relating to over 20 staff) and related to sickness (as iTrent was also unavailable to record sickness during the period) and the manual tax calculations being made. There were three starters and ten leavers between December 2020 and February 2021 and the associated information was communicated through the shared drive, and Payroll was able to take these into account during the manual payroll calculations.

A recovery plan was in place to reconcile the accounts payable, payroll and accounts receivable ledgers. Support was provided by LSBU from a resources perspective as it reconciled some of the accounts on behalf of SBC (such as the accruals account). At the time of audit, the recovery plan was completed and the accounting records had been brought up-to-date.

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

Management requested an additional audit with the purpose to provide assurance over the controls the College had in place to make payments (to staff and suppliers) during the period the Finance system was unavailable and the controls in place to bring the Finance system back up-to-date following reinstatement.

## SCOPE AND APPROACH:

We conducted interviews with key stakeholders, including the College Chief Finance Officer, Head of Finance, Payroll and Pensions, the Senior Payroll Officer and the Finance Officer (AP) to identify the controls in place during the system outage. Through interviews with these key individuals, we also identified the steps undertaken to restore the accounting system, Agresso, and the payroll system, iTrent.

We tested three payment lists to assess whether there were segregation of duties between the preparer, reviewer and approver of the list.

We selected ten payments made between December 2020 and February 2021 to confirm whether these were made to existing College suppliers. Using the same sample, we tested to confirm whether approvals from budget holders were obtained prior to payment.

We selected three starters during the outage period to assess whether they were paid the correct amount in the correct month. We also selected three leavers during the period to assess whether they were paid beyond their last working day.

We reviewed the reports prepared by management that showed overpayments made to suppliers and employees. We then selected two supplier payments (100% of population) to confirm whether these overpayments were recovered. We also selected ten overpayments made to employees to confirm whether these overpayments were recovered in subsequent months.

We selected five accounts (accounts payable, deferred income, payroll, accruals and depreciation) to assess whether reconciliations were prepared and whether closing balances were restored.

We reviewed the two timetables in place to confirm whether responsibilities and deadlines were assigned. We also assessed whether there was appropriate oversight of the recovery process. The management accounts produced after the recovery plan was completed (after March 2021) were reviewed to assess whether the accounts were up-to-date.

## GOOD PRACTICE:

The following areas of good practice were identified as part of our review:

- Manual payment lists were prepared and reviewed by different members of staff to ensure accuracy of the manual inputs
- Only suppliers that the Accounts Payable team recognised were paid, which reduced the risk of payment made to illegitimate suppliers
- Timetables were set up to provide a planned approach to bring the accounting and payroll systems back up to date, and the timetable included action owners and deadlines to further facilitate the recovery process
- Weekly catch-ups were held with the Head of Finance to monitor and track the progress of recovery actions against the deadlines
- Overpayments to suppliers were recovered promptly (within a month of reconciliation).

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## KEY FINDINGS:

Our review identified one medium significance finding. This relates to the lack of control to ensure invoices were appropriately approved before being paid during 12 December 2020 and 11 February 2021.

## CONCLUSION:

Based upon the audit work undertaken, we are able to provide moderate assurance over the design and substantial assurance over the operational effectiveness of the controls in place for the financial system review.

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW


OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOW RISKS:

- ✓ Over/under payments made to staff are not recovered/ corrected
- ✓ Closing balances prior to the system outage have not been reinstated/ opening balances in the finance system checked for accuracy
- ✓ Lack of planned approach to bringing the finance system up-to-date leading to duplicate records/ gaps in records being posted
- ✓ Management accounts produced whilst the system was being updated were not useful as showed a distorted view of performance

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## DETAILED FINDINGS

**RISK: DUPLICATE SUPPLIER PAYMENTS HAVE BEEN MADE AND/OR PAYMENTS HAVE BEEN MADE TO SUPPLIERS FOR GOODS/SERVICES NOT RECEIVED**

Ref	Sig.	Finding
1		<p>There were insufficient controls in place to check the legitimacy of invoices, confirm goods were received before invoices were paid and that expenditure had been approved between 12 December 2020 and 11 February 2021 of the system outage.</p> <p>Between 12 December 2020 and 11 February 2021, invoices submitted into the Accounts Payable central inbox were paid if Finance recognised the supplier. Although the list of invoices was reviewed three times within Finance, budget holders were not required to confirm whether the invoices were legitimate or whether the goods and/or services were received.</p> <p>Although an exercise to identify duplicate payments was carried out when the system was brought back up, budget holders were not required to confirm that the invoices were accurate or were in line with the purchase order values initially raised. There is also a risk that fraudulent invoices were paid during the outage and/or purchase order value exceeded.</p> <p>DocuSign was introduced on 12 February 2021 whereby budget holders had to sign invoices before suppliers could be paid. However, this control was not in place during the whole system outage period.</p>

### RECOMMENDATION:

DocuSign should continue whilst the College explores options to automate this process by integrating the goods receipting process into Agresso (a current outstanding recommendation from the previous financial controls audit 19/20).

The College should ask budget holders to review the invoices paid between 12 December 2020 and 11 February 2021 to verify whether the goods/services paid for were received and that invoices were legitimate. Any discrepancies should be recovered from the suppliers.

### MANAGEMENT RESPONSE:

Use of DocuSign to confirm receive of goods and services prior to the release of payments to suppliers will continue until a suitable alternative control can be provided via the finance system Agresso.

The recommendation to review invoices paid during the system outage period is noted. A risk based approach to this review will be adopted and for each of the payment runs during the period, the top 20% of invoices paid (by value) will be reviewed in this way. In addition 20 random samples will be selected.

Responsible Officer: Bridget Omakobia, Head of Finance, Payroll & Pensions

Implementation Date: 31 March 2022

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## STAFF INTERVIEWED





BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Loretta Audu	Financial and Tax Accountant
Karen Barrett	Senior Payroll Officer
Natalie Ferer	Group Financial Controller
Stephen Kalyango	Finance Officer (Accounts Payable)
Rachel McCafferty	College Chief Finance Officer
Bridget Omakobia	Head of Finance, Payroll & Pensions
Caren Ruiz	Finance Officer






# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over the controls the College had in place to make payments (to staff and suppliers) during the period the Finance system was unavailable and the controls in place to bring the Finance system back up-to-date following reinstatement.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Duplicate supplier payments have been made and/or payments have been made to suppliers for goods/services not received
- Payments made to starters/ leavers during the outage period were inaccurate
- Over/under payments made to staff are not recovered/ corrected
- Closing balances prior to the system outage have not been reinstated/ opening balances in the finance system checked for accuracy
- Lack of planned approach to bringing the finance system up-to-date leading to duplicate records/ gaps in records being posted
- Management accounts produced whilst the system was being updated were not useful as showed a distorted view of performance.

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Controls over payments made to suppliers during the system outage
- Controls over the processing of starters and leavers through the payroll during the system outage
- Controls over the reconciliation of the payroll and identification and collection of overpayments/ corrections relating to underpayments
- Processes to check closing and opening balances in the finance system
- Controls over bringing the finance system back up to date including:
  - Reconciliation of creditors and processing of supplier invoices
  - Reconciliation of debtors and receipting of income against debtor balances
  - Posting of key journals such as payroll, depreciation, deferred income and accruals
  - Completion of control account reconciliations and investigation of differences
- Management accounts preparation accuracy and usefulness.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

# SOUTH BANK COLLEGES, FINANCIAL SYSTEM REVIEW

## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

We will review the controls the College had in place to pay staff and suppliers during the finance system outage to assess whether they were appropriate. This will include assessing how the College ensured it made payments to legitimate suppliers and for goods/services actually received. We will also assess the controls over payroll including the processing of starters and leavers.

We will review the processes the College has gone through to reconcile the actual payments due to staff in the period the iTrent system was unavailable against what was paid to them. We will also assess whether there has been appropriate action taken to recover overpayments and pay underpayments.

We will assess whether there were appropriate processes in place to check closing balances prior to the system outage have been brought forward to and correlate to the opening balances in the reinstated finance system.

We will review the controls the College has in place for bringing the finance system back up-to-date including roles and responsibilities for doing this and prioritisation of tasks and how it ensured that transactions have not been missed or duplicated. We will assess whether there were appropriate controls over the manual cashbook in place or whether teams were holding their own separate records.

We will also review the management accounts produced whilst records were being updated and impact on accuracy and usefulness.

We will assess whether control account reconciliations have been completed and if differences have been investigated.

## DATA ANALYTICS:

The use of data analytics is not considered appropriate for use in this audit.

FOR MORE INFORMATION:

**NORTHERN IRELAND**

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# LONDON SOUTH BANK UNIVERSITY

## INTERNAL AUDIT REPORT - FINAL

SBC - STUDENT EXPERIENCE  
OCTOBER 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Substantial



# SBC - STUDENT EXPERIENCE

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## DISTRIBUTION

Philip Cunniffe	Assistant Principal, Student Success
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## REPORT STATUS LIST



Auditors:	George Naylor
Dates work performed:	26 April - 07 June 2021
Draft report issued:	11 August 2021
Final report issued:	12 October 2021



# SBC - STUDENT EXPERIENCE

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design		Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness		The controls that are in place are being consistently applied.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		
Medium		 1
Low		

### TOTAL NUMBER OF RECOMMENDATIONS: 1

## BACKGROUND:

An internal audit of student experience had been included within the LSBU Group Internal Audit Plan. The LSBU Group's mission is "to transform lives, communities, businesses and society through applied education and insight" and two of the strategic pillars within the 2020-25 strategy are access to opportunity and student success.

The College's Careers Development Service sits within Student Services and is managed by the Head of Learner Development and coordinated and delivered by the Careers Development and Progression Coordinator. The Assistant Principal, Student Success maintains overall responsibility for the service.

The College's study programmes are primarily for 16-19 students, but can also include adult learners, include a number of hours assigned to enrichment activity, which is generally in the form of tutorials. Learner development coaches (LDCs) lead on delivering a range of motivational programmes within weekly tutorials. The objective of the tutorials is to increase confidence in preparation for progression to employment or an apprenticeship. LDCs also provide various information relating to welfare, personal and financial issues which students may be facing.

Work experience programmes are led by the College's Employer Engagement team who work with a range of employers to provide work experience, careers talks and to participate in events. In addition, all full-time students are required to undertake a work experience placement as part of their course. The purpose of the placement is to spend a minimum of five days in a real-life workplace in order to gain applied knowledge and practical skills which are difficult to gain in the classroom. Enrichment activities also include sports, trips and visits and wellbeing support.

The College has a student union, Lambeth College Student Union (LCSU) which represents the student body and provides students with a platform to express their opinions. Course representatives are elected across each faculty and meet with the College's senior leadership team on a termly basis to provide feedback.

The College also hosts a student voice conference for course representatives, student union members and course ambassadors to meet with the College's Senior Management team and

## SBC - STUDENT EXPERIENCE

provide feedback on their experience and make recommendations to feed into planning for the next academic year.

There are a number of measures such as internal progression and intended vs action destination data used to monitor student success. The College's Career Education, Information Advice and Guidance (CEIAG) was rated as good in the latest Ofsted inspection report.

### SCOPE AND APPROACH:

We applied a range of auditing techniques including desktop reviews of policies and procedures, sample testing and systems walkthroughs to assess the design and effectiveness of the controls in place around SBC's approach to student experience. Specifically we:

- Assessed whether there is a coherent and clear Group approach and alignment of activities in relation to enrichment, employability and transition.
- Interviewed members of the LSBU Outreach team and key College personnel to assess the working relationship across the Group.
- Assessed how SBC determines which enrichment, employability and transition support activities are provided to students.
- Reviewed the learning development coach scheme of work for 2020/21 which make up the weekly tutorials.
- Interviewed a Learner Development Coach to understand the content and aims of the weekly tutorials delivered to students.
- Reviewed the College's study programme (Career Ready Programme) and assessed how enrichment, employability and transition support activities are offered to all students, including adult learners.
- Interviewed the College's 19+ Welfare Officer to assess the level of support provided to adult learners.
- Assessed how the College measures the impact/benefits gained by its students in relation to enrichment, employability and transition activities.
- Reviewed how student feedback is obtained in relation to enrichment, employability and transition support activities offered.
- Assessed whether enrichment, employability and transition activities have been adapted as a result of student feedback.

### GOOD PRACTICE:

The College has developed its employability and support offering to students in line with the Gatsby Benchmarks of Good Career Guidance, Education Inspection Framework and LSBU Group Strategy.

The Learning Development Coach Scheme of Work for 2020/21 considers key themes, such as *exploring careers and career development*, *self-awareness*, *exploring work and working life*, and *preparing for employment and employability* in order to help prepare students for future success.

All students aged 16-19 are automatically enrolled onto the College's Career Ready programme, and therefore employability and support activities are included within the curriculum.

Resources used within tutorials are accessible for students to access on the learning management platform, Moodle. All students regardless of whether they are a 16-18 year old on a full-time study programme or an adult learner on a part-time course have access to Moodle.

## SBC - STUDENT EXPERIENCE

The College has a 19+ Welfare Adviser who provides a range of support to adult learners. The Welfare Adviser works closely with LDCs and the Careers Coordinator to promote and signpost employability and support activities to adult learners.

The College's Learner Services has been accredited to the matrix quality standard for information advice and guidance services in 09 July 2020 and expires on 08 June 2023. The assessment was undertaken by The Growth Company on behalf of the Department for Education.

Feedback from students has been obtained by the College using the following methods:

- Course representatives are elected annually on each course and attend termly meetings with senior management to express student views.
- The College hosts a Student Voice Conference for course representatives, student union members and course ambassadors to meet the Senior Management team and provide feedback on their experience at the College. The 2021 conference was held virtually on 20 May 2021.
- Prior to the move to online learning, feedback was captured by administering feedback forms at the end of a career activity or event. Feedback forms have been adapted and Microsoft Forms are now distributed to students to collect feedback.
- The role of the Student Union has been promoted and explained to students within learning development tutorials. The President of the union sits on the Board of Governors as the student representative.

A feedback loop is in place to ensure new activities and events are introduced and/or adapted as a result of student feedback through the College's *you said, we did* approach. For example:

- The Student Union requested the College works with it to organise an event for LGBTQ month, and consequently a LGBTQ conference was held and attended by over 80 students.
- Course representatives requested for more staff to be available to support in Additional Learning Support (ALS) workshops, and as a result the ALS workshop is now fully manned and open five days a week.

### KEY FINDINGS:

We have raised one finding of medium significance. The finding relates to a lack of joined up approach to collaborate and deliver enrichment, employment and transition activities within the LSBU Group. Implementing clear objectives and an action plan to deliver the strategic ambition is important. A working group could be established, attended by representatives from across the Group to coordinate and oversee the action plan.

### CONCLUSION:

SBC has appropriate arrangements in place over its approach to student experience in relation to its enrichment, employability and support for transition activities. Activities delivered to students are aligned with the eight Gatsby benchmarks of good career guidance, feedback is regularly obtained from students and activities have been adapted as a result of feedback, although, there is no formal oversight of the Group's collaboration and delivery of student experience activities.

As a result of our review, we are able to provide moderate assurance over the design of the controls and substantial assurance over the operational effectiveness of the controls in place across student experience at SBC.

## SBC - STUDENT EXPERIENCE


OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ Enrichment, employability and transition support activities do not set students up for future success and/or damage SBC's reputation for being a career's college
- ✓ Enrichment, employability and transition support activities are not offered to all students and/or adult learners do not have access to these activities
- ✓ The impacts/benefits gained by students in relation to enrichment, employability and transition activities are not measured
- ✓ Student feedback is not sought on enrichment, employability and transition support activities offered
- ✓ Enrichment, employability and transition activities are not adapted as a result of student feedback and impact/benefit assessments leading to the same initiatives being rolled out each year.

# SBC - STUDENT EXPERIENCE

## DETAILED FINDINGS

**RISK: LACK OF A JOINED UP STRATEGIC APPROACH TO ENRICHMENT, EMPLOYABILITY AND TRANSITION ACTIVITIES ACROSS THE GROUP LEADING TO STUDENTS NOT BEING AWARE OF WHAT IS AVAILABLE TO THEM AND OPPORTUNITIES ARE NOT BEING FULLY UTILISED**

Ref	Sig.	Finding
1		<p>Whilst there is an overarching strategic ambition to collaborate across the group to enhance student experience, the operational delivery to fulfil this ambition has been challenging.</p> <p>Interviews with members of the LSBU Outreach team and key College staff identified the following issues:</p> <ul style="list-style-type: none"> <li>• Activities are dependent on individuals working with each other across the Group and consequently the offering feels piecemeal</li> <li>• There are no objectives that underpin the strategic ambition to collaborate</li> <li>• Reaching out and communicating with individuals across the Group to coordinate activities is a heavily administrative process</li> <li>• A lack of coordination has resulted in individuals from different faculties delivering activities, which the rest of the Group is unaware of</li> <li>• No student pathway has been developed to illustrate the student journey as they progress through the Group</li> <li>• There is a lack of reporting and evaluation to assess the impact and benefits from group activities gained by students.</li> </ul> <p>There is a risk that opportunities are not being fully utilised across the Group to deliver enrichment, employability and transition support activities to students.</p>

### RECOMMENDATION:

Objectives and an action plan, with assigned responsibilities should also be developed to provide clear actions and accountability to deliver activities across the Group in order to enhance the student experience.

A working group, attended by representatives from across the Group, could be established to manage the operational delivery of group activities and monitor group wide student experience. The working group could consider reporting on group-wide engagement in enhancing student experience and provide an evaluation and impact of Group's student experience activities.

### MANAGEMENT RESPONSE:

It is agreed that the Group would benefit from a defined action plan detailing actions and timelines for delivering integrated activity. However, the level of activities that can work at group level needs to be rationalised; LSBU and Lambeth College cohorts are markedly different, so the level of shared activity possible will need to be targeted. In addition, while a working group is a good idea in principle, there are already many group level meetings and projects that mean we need to be mindful of the demands on college support staff time, particularly where college staff cover several areas of responsibility.

The initial action of identifying a shared group programme of support for students at Lambeth College took place in late 2020, but was disrupted by further Covid-19 lockdown.

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# SBC - STUDENT EXPERIENCE

This project will be picked up in liaison with LSBU Director of Student Services to identify realistic outcomes and timelines.

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Responsible Officer: Laura Ryan (LC), Rosie Holden (LSBU)

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Implementation Date: 17 December 2021

# SBC - STUDENT EXPERIENCE

## OBSERVATIONS

### CAREER OFFERING AND THE EIGHT GATSBY BENCHMARKS OF GOOD CAREER GUIDANCE

In February 2021 the College undertook a Compass self-assessment of its careers offering to students against the eight Gatsby benchmarks of good career guidance. We reviewed the self-assessment and noted in five of the eight benchmarks the College scored 100%.

For the remaining three benchmarks the College scored the following:

- Addressing the needs of each student = 91%
- Personal guidance = 60%
- Encounters with further and higher education = 58% (We were advised that encounters with higher education is 100% but comes out as 58% on the Compass self-assessment because it refers to encounters to further education, whereas the College wants its students to progress to university or Level 4 educational courses.

An action plan is in place for those benchmarks where the College has not scored 100% and each action has been assigned an action owner responsible for implementation. Implementation of the actions is monitored.

# SBC - STUDENT EXPERIENCE

## STAFF INTERVIEWED





BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Stefania Caria	Career Development Coordinator
Philip Cunniffe	Assistant Principal, Student Success
Gina Mensah	19+ Welfare Advisor & Students' Union Lead
Rochelle McDonald	Learner Development Coach Coordinator & Safeguarding Officer
Laura Ryan	Head of Student Services
Jenny Tait	Senior Manager Student Recruitment and Outreach (LSBU)






# SBC - STUDENT EXPERIENCE

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# SBC - STUDENT EXPERIENCE

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over SBC's approach to student experience in relation to its enrichment, employability and support for transition activities.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Lack of a joined up strategic approach to enrichment, employability and transition activities across the Group leading to students not being aware of what is available to them and opportunities are not being fully utilised
- Enrichment, employability and transition support activities do not set students up for future success and/or damage SBC's reputation for being a career's college
- Enrichment, employability and transition support activities are not offered to all students and/or adult learners do not have access to these activities
- The impacts/benefits gained by student in relation to enrichment, employability and transition activities are not measured
- Student feedback is not sought on enrichment, employability and transition support activities offered
- Enrichment, employability and transition activities are not adapted as a result of student feedback and impact/benefit assessments leading to the same initiatives being rolled out each year.

# SBC - STUDENT EXPERIENCE

## SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Group approach and alignment of enrichment, employability and transition activities including support provided by the University
- Process to determine which enrichment, employability and transition support activities to provide to students
- Offering of opportunities for enrichment, employability and transition support activities to students including adult learners
- Monitoring of the impacts and benefits gained by student in relation to enrichment, employability and transition activities and quality of the advice and guidance received
- Processes to capture student feedback on enrichment, employability and transition support activities
- Adaption of enrichment, employability and transition activities as a result of student feedback and impact assessments.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

# SBC - STUDENT EXPERIENCE

## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

We will assess whether there is a coherent and clear Group approach and alignment of activities relation to enrichment, employability and transition. This will include reviewing how the LSBU Outreach team and other parts of the Group liaise with SBC to provide these activities. We will assess how the effectiveness of these arrangements are assessed and whether they are linked to the Group's Strategy.

We will assess how SBC determines which enrichment, employability and transition support activities to provide to students and how these are assessed for effectiveness, benefits and impact. We will also assess how advice and guidance provided to student is monitored for quality. This will include how SBC determines which employers and third parties to engage with and whether selection is based on student's needs, feedback and prior student experiences. We will assess how it is determined who these activities are offered to and whether all students are encouraged to take up such opportunities. This will include how these activities are communicated to students.

We will assess whether there are processes in place to capture student feedback on enrichment, employability and transition support activities.

The processes SBC has to review its enrichment, employability and transition activities as a result of student feedback and impact assessments and make adaptations to its programmes will be reviewed.

The scope will include 16-19 and adult learners.

**FOR MORE INFORMATION:**

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# SOUTH BANK COLLEGES

## INTERNAL AUDIT REPORT - FINAL

STAFF ABSENCE MANAGEMENT  
JUNE 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Moderate



# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

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## DISTRIBUTION

Rachel McCafferty	Chief Financial Officer
Crystal Blackwood	Head of HR & OD

## REPORT STATUS LIST



Auditors:	George Naylor
Dates work performed:	25 March 2021 - 21 April 2021
Draft report issued:	25 May 2021
Final report issued:	29 June 2021






# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## EXECUTIVE SUMMARY

### LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design		There is a sound system of internal control designed to achieve system objectives.
Effectiveness		Evidence of non compliance with some controls, that may put some of the system objectives at risk.

### SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High		
Medium		2
Low		2

### TOTAL NUMBER OF RECOMMENDATIONS: 4

## BACKGROUND:

A review of staff absence management has been included with the Internal Audit Plan for 2020/21 for SBC.

The College has a Staff Absence policy and procedure which was due for its next review in January 2021. The purpose of the policy is to “provide support, advice and assistance to employees who are absent from work due to sickness or injury and ensure employees return to work as soon as practically possible.”

The College's HR team consists of the Head of HR and Organisational Development (OD), two HR advisers, one systems analyst, one administrator and one OD partner. The Head of HR and OD reports directly to the Group Director of People.

The College has transitioned to a manager self-service system to record sickness absence. Employees are responsible for notifying their manager if they are off work and the manager is responsible for recording this on the HR system; iTrent and for carrying out a return to work meeting on the employee's first day back at work. A Self-Certification and Return to Work form also needs to be completed and returned to HR who will then close the absence on iTrent. HR is responsible for providing guidance to managers on individual sickness issues.

Formal action (such as a formal review meeting) regarding sickness absence can be instigated if the following triggers occur:

- The length of an absence or period of absences is ten or more days in a rolling year, or
- The absence amounts to four or more separate episodes in a rolling year. In this instance the absence should generate cause for concern, or
- Where there is a pattern of absence.

A trigger report is generated on a monthly basis from data in iTrent. HR advisers review the report and where a member of staff reaches a trigger, a sickness review meeting should be held between the employee, line manager and HR adviser. Actions may include a first

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

written warning be given to the employee and targets set to improve attendance, a referral to Occupational Health and access to any other relevant support services.

In May 2020, the College in agreement with the trade unions decided to suspend initiating any formal absence procedures for staff members who had reached a trigger due to the impact of Covid-19. The suspension has now been lifted with first-stage absence review meetings booked in for April 2021.

Sickness absence performance for the 2019/20 academic year, as per the HR KPI Report 2020, was as follows:

Performance metric	2018/19	2019/20
Total days lost to sickness	3,011.5	2,512
Number of days lost per employee	7.71	6.14
Short-term sickness days lost per person	3.08	2.94
Number of employees on long-term sickness (Absence for a period exceeding four weeks)	26	26

Rolling 12 months absence stats for the current academic year up until 18 March 2021 is:

Org	Type	Instances	Days Lost
South Bank College	Long Term	29	1103
South Bank College	Short Term	214	754
	Sum:	243	1,857

Absences relating to Covid-19 are not recorded in line with usual sickness absences and do not count towards any formal sickness monitoring, and for absences over seven days employees are required to obtain a self-isolation note from NHS 111, rather than a fit note from their GP.

Covid-19 related absence stats for the period to 18 March 2021 is:

Absence type	Days lost
Coronavirus	92.5
Coronavirus - paid carers leave	33.5
Mandatory self-isolation	303
Total	429

In December 2020, SBC was a victim of a cyber-attack to its management information systems, including iTrent. For a period of time SBC was unable to record and close absences on iTrent. iTrent is now functioning normally and HR has been chasing managers for return to

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

work forms in order to close absences on the system. As a result, there have been instances where absences appear longer than they actually were due to SBC being unable to close absences whilst iTrent was unavailable.

## SCOPE AND APPROACH:

We applied a range of auditing techniques including sample testing, data analytics and systems walkthroughs to assess the design and effectiveness of the controls in place around SBC's approach to sickness absence management. Specifically, we:

- Reviewed the Sickness Absence policy and procedure against CIPD guidance and assessed whether it is aligned with the relevant employment legislation and good practice.
- Assessed whether the Sickness Absence policy and procedure links to other related policies and procedures, such as the Disciplinary procedure and Managing Employee Performance policy and procedure.
- Assessed whether there are effective channels in place to communicate the Sickness Absence policy and procedure to managers and staff both when they join the College and when changes are made.
- Assessed whether the Sickness Absence policy and procedure clearly explains the process that staff, managers and HR in relation to sickness absences and whether roles and responsibilities for managing sickness absence are clearly set out and consistent throughout the policy.
- Interviewed a sample of four managers to assess whether they are aware of the process to follow for managing sickness absence.
- Reviewed the process of recording absences within iTrent, including reviewing a sample of 20 absences in order to ensure that the absence information recorded on the self-certificate form had been accurately recorded on iTrent.
- Assessed whether the sickness absence reports provide appropriate information to managers that allows them to monitor sickness absence levels.
- Assessed whether monitoring of levels of sickness absence takes place and how triggers for formal reviews are identified and whether these are being identified in a timely manner.
- Reviewed a sample of 15 sickness absences (five short-term, five long-term and five where the triggers have been met), since January 2020, and assessed whether absences were managed in line with the Sickness Absence policy and procedure.

## GOOD PRACTICE:

Roles and responsibilities of staff, managers and HR have been clearly defined within SBC's Sickness Absence policy and procedure. The policy is available via the intranet for staff to access. Interviews with managers confirmed they understood their role in recording absences on iTrent, completing a self-certification and return to work form and initiating formal absence procedures.

At induction, new starters receive a staff induction pack which summaries the sickness absence reporting process and includes a link to the College's HR related policies, such as the Sickness Absence policy and procedure.

The College has developed a step-by-step guide for managers on how to use manager self-service function within iTrent. Guidance has been included around recording absences on iTrent. For 20 absences reviewed, absence details recorded on iTrent accurately reflected the self-certification / return to work form (although see exceptions in Finding 4 relating to the fit notes).

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

Absence reports are generated monthly by HR and used by advisers to facilitate discussions with managers. The reports highlight absences which have reached trigger points, any uncertified absences and any open sickness absence which require a fit note.

An annual report of sickness absence performance for 2019/20 academic year was shared with the Principal in December 2020. The report benchmarked performance against previous academic years against key metrics, such as total number of sickness days lost, overall average number of days lost and the reasons for sickness absence.

SBC has developed separate processes to manage Covid-19 related absences.

Covid-19 related absences are recorded on iTrent but are managed on a separate register from ordinary sickness absence. Absences are distinguished into three categories; Coronavirus, Coronavirus - paid carers leave and mandatory self-isolation which allows the College to maintain sufficient oversight and assess the impact of Covid-19 on staffing levels.

## KEY FINDINGS:

We have raised four findings; two of medium significance and two of low significance. The medium significance findings relate to absence reporting at the CLG is ad hoc and formal KPIs in relation to staff absence have not yet been formalised and the delay in referring a member of staff to occupational health.

The low risk findings relate to fit notes not being obtained to cover the whole period of absence on all occasions and updating of the Sickness Absence policy.

## CONCLUSION:

SBC has appropriate arrangements in place to manage sickness absence across the organisation. Roles and responsibilities for managing sickness absence are well understood, absence reports are generated regularly by HR to monitor absence and processes are in place to manage Covid-19 related absences. Although, there is no regular HR presence on the CLG.

As a result of our review, we are able to provide substantial assurance over the design of the controls and moderate assurance over the operational effectiveness of the controls in place across absence management at SBC.


## OUR TESTING DID NOT IDENTIFY ANY CONCERNS SURROUNDING THE CONTROLS IN PLACE TO MITIGATE THE FOLLOWING RISKS:

- ✓ The Sickness Absence policy does not link to other related policies such as capability and/or poor performance
- ✓ SBC's Sickness Absence policy has not been appropriately communicated to staff and managers and/or responsibilities for managing absence may not be clearly defined
- ✓ Absences may not be accurately recorded in iTrent, may not be recorded in a timely manner or may be inconsistently recorded across the College
- ✓ Appropriate action may not be taken to manage sickness absence where the triggers are met.
- ✓ College's Covid-19 risk register - Staff sickness and self-isolation of vulnerable groups could impact on ability to deliver classes

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## DETAILED FINDINGS

### RISK: TRENDS IN SICKNESS ABSENCE MAY NOT BE MONITORED

Ref	Sig.	Finding
1		<p>Absence reporting to CLG is ad hoc.</p> <p>HR prepares a monthly summary performance report of sickness absence data, which is discussed with the Principal. However, this report is not routinely shared with the CLG.</p> <p>The summary report considers key performance metrics such as total days lost, days lost per person and average total cost of sickness across the period.</p> <p>There is a risk that there is a lack of oversight and scrutiny over sickness absence performance at the College.</p>

### RECOMMENDATION:

SBC should formalise its approach to absence reporting to CLG. Formal KPIs such as total days lost, days lost per person and average total cost of sickness should be reported on a monthly basis to CLG to ensure that there is appropriate oversight of absence across the College.

### MANAGEMENT RESPONSE:


Agreed. Executive Principal to invite Head of HR to attend CLG meeting monthly to report on HR KPIs.

Responsible Officer: Executive Principal

Implementation Date: 30 June 21

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

**RISK: SICKNESS ABSENCES MAY NOT BE MANAGED IN LINE WITH THE SICKNESS ABSENCE POLICY**

Ref	Sig.	Finding
2		<p>There was a significant delay in referring an employee to occupational health on their return from long-term absence for one of the five long-term absence cases reviewed.</p> <p>HR offered the employee the opportunity to meet with occupational health on 26 March 2021, where the employee had returned to work on 21 December 2020. In this instance, the referral had been declined. Management advised that a referral would have been verbally offered at the end of the absence period, however, this was not retained on file.</p> <p>There is a risk that employee wellbeing issues and support needs are not addressed on an employee's return from long-term absence. Without documenting referral invites there is a risk that the College is unable to demonstrate that it is supporting its employees.</p>

## RECOMMENDATION:

HR advisers should be reminded to contact employees on their return to work inviting them to an occupational health appointment.

All occupational health invitations should be documented and retained on the employees file.

## MANAGEMENT RESPONSE:


Agreed.

Responsible Officer: Crystal Blackwood

Implementation Date: Immediate

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

**RISK: SBC'S SICKNESS ABSENCE POLICY DOES NOT COMPLY WITH EMPLOYMENT LEGISLATION OR ACCEPTED STANDARDS OF GOOD PRACTICE**

Ref	Sig.	Finding
3		<p>The Sickness Absence policy and procedure has passed its review date and no version control is recorded on the policy.</p> <ul style="list-style-type: none"> <li>The Sickness Absence was due for review and approval in January 2021 and is now two months overdue for review.</li> <li>The Head of HR confirmed that the policy had been reviewed in 2018. However, the policy makes no reference to the review date. The last approval date recorded is November 2015.</li> </ul> <p>We assessed the Sickness Absence policy and procedure against CIPD requirements. Our testing identified:</p> <ul style="list-style-type: none"> <li>The policy makes no reference to contractual sick pay terms and their relationship with statutory sick pay. Instead, this information is provided in employee's employment contract and within the staff induction pack.</li> <li>The policy provides no guidance on absence during major adverse events i.e. pandemics, adverse weather conditions and major sporting events. This information is provided within the College's Special Leave policy.</li> </ul> <p>Whilst our review of the policy found that it aligned with the CIPD guidance in most instances (other than the exceptions above), if policies are not regularly reviewed, there is a risk that they are no longer fit for purpose and without version control there is no clear record of how a policy is created, developed and has changed over time.</p>

## RECOMMENDATION:

SBC should review its Sickness Absence policy and procedure. Version control should be incorporated in order to track updates to the policy.

The College should consider including sick pay and time off for major adverse events should be included within the policy or refer to contracts/ the Special Leave policy.

## MANAGEMENT RESPONSE:


Agreed.

Responsible Officer: Crystal Blackwood

Implementation Date: 31 July 2021

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

**RISK: SICKNESS ABSENCES MAY NOT BE MANAGED IN LINE WITH THE SICKNESS ABSENCE POLICY**

Ref	Sig.	Finding
4		<p>A fit note from an employee's doctor covering the entire period of absence could not be provided in three of the five short-term absences reviewed.</p> <ul style="list-style-type: none"> <li>Two instances where fit notes expired on the 29 January 2020 and February 27 2020. However, the last date of absence was 31 January 2020 and 28 February 2020 respectively.</li> <li>One instance where a fit note covered the absence period 07 September to 18 September 2020, however the fit note was required from 03 September 2020.</li> </ul> <p>There is a risk that absences are inappropriate resulting in a financial loss for the College.</p>

## RECOMMENDATION:

Employees should be reminded of the requirement to obtain a fit note from their doctor for the entire period of absence.

On receiving the self-certificate return to work form HR advisers should cross check the fit note against the absence start and end dates and request additional information where required.

## MANAGEMENT RESPONSE:

Agreed.

Responsible Officer:      Advisors / HR Administrator

Implementation Date:      Immediate



# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## OBSERVATIONS

### ABSENCE TRIGGERS

SBC, in agreement with Unison and University and College Union, made the decision to formally suspend initiating all formal absences procedures once an employee reaches the absence trigger points due to the impact of Covid-19.

In addition, the cyber-attack on the College's systems has resulted in HR reviewing the absence data within iTrent to ensure that it is accurate. HR is currently chasing managers to ensure that all return to work forms have been returned to HR in order for it to close absences recorded on the system, and as a result, absences recorded on iTrent may appear longer than they actually are.

The decision to suspend initiating formal absence procedures has now been lifted and HR is working through the backlog of cases.

For the five cases reviewed where absence triggers had been met first stage review meetings had been booked for April 2021 or HR were amending iTrent to accurately reflect actual absence periods.

### TACKLING ABSENCE AT A DEPARTMENT LEVEL

Data analytics of absence data found that the five departments with the highest number of days lost, since January 2020, were as follows:

- Supported Learning = 307 days
- Faculty Gateway & Entry to Employment = 208.5 days
- Arts and Media = 160 days
- Customer Services = 154 days
- ESOL = 138 days

HR confirmed that no action has been taken to investigate any potential absence issues, concerns and patterns across departments. Normally this would form part of the College's analysis and would inform their employee wellbeing strategies. However, due to the impact of Covid-19 and the cyberattack in December 2020 this has been postponed. Nevertheless, at the earliest opportunity, HR should undertake an analysis and consider whether any additional support is required for those departments with the highest number of days lost due to sickness absence.

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT





## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.




Shaun Bailey	HR Advisor
Crystal Blackwood	Head of HR and OD
Alexandra Hoffmeister	HR Advisor
Clive Lissaman	Engagement Manager
Anne Murphy	Curriculum Manager
Laura Ryan	Head of Student Services
Igho Wekpe	ALS Curriculum Manager

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

## RECOMMENDATION SIGNIFICANCE

<b>High</b> 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b> 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b> 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## APPENDIX II - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of the audit is to provide assurance over the College's controls in relation to managing staff sickness absence.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- SBC's Sickness Absence policy does not comply with employment legislation or accepted standards of good practice
- The Sickness Absence policy does not link to other related policies such as capability and/or poor performance
- SBC's Sickness Absence policy has not been appropriately communicated to staff and managers and/or responsibilities for managing absence may not be clearly defined
- Absences may not be accurately recorded in iTrent, may not be recorded in a timely manner or may be inconsistently recorded across the College
- Sickness reports may not accurate/complete and/or timely to allow managers to monitor sickness absence levels
- Trends in sickness absence may not be monitored
- Sickness absences may not be managed in line with the Sickness Absence policy
- Appropriate action may not be taken to manage sickness absence where the triggers are met.
- *College's Covid-19 risk register - Staff sickness and self-isolation of vulnerable groups could impact on ability to deliver classes*

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Sickness Absence policy and procedure and how it links to other related policies and procedures
- Communication of Sickness Absence policy and procedure to managers and staff
- Roles and responsibilities for managing sickness absence
- Recording of absences within iTrent
- Sick absence reporting
- Monitoring of levels and trends of individual sickness absence and trends across the College as a whole
- Management of sickness absences in line with Sickness Absence policy and procedure including review of different stages of the process
- Monitoring and management of Covid-19 absences in line with Government guidelines

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

# LONDON SOUTH BANK UNIVERSITY, SBC - STAFF ABSENCE MANAGEMENT

## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

Specifically, we will review the Sickness Absence policy and procedure against ACAS and CIPD guidance and against similar policies at a sample of other colleges to assess whether it is in line with legislation and good practice. We will also assess whether the policy links to other related policies and procedures such as capability and poor performance.

We will assess whether there are effective channels in place to communicate the Sickness Absence policy to managers and staff both when they join the College and when changes are made.

We will assess whether the policy clearly explains the process that staff, managers and HR in relation to sickness absences and whether roles and responsibilities for managing sickness absence are clearly set out and consistent throughout the policy. We will interview a sample of managers (including those who deal with varying levels of sickness absence) to assess whether they are aware of the process to follow for managing sickness absence.

The process for recording absences within iTrent will be reviewed and we will also assess through interviews whether this is being utilised consistently throughout the College.

We will assess whether the sickness absence reports provide appropriate information to managers that allows them to monitor sickness absence levels. We will also assess whether the reports tie back to the underlying data for a sample of the reports generated. Through interview with HR and managers we will assess whether monitoring of levels of sickness absences takes place and how triggers for formal reviews are identified and whether these are being identified in a timely manner.

We will select a sample of sickness absences from the last 12 months (five short term, five long term and five where the triggers have been met) to assess whether the Sickness Absence policy has been complied with.

We will also assess whether the College is monitoring staff absences which relate to Covid-19 in line with Government guidelines.

## DATA ANALYTICS:

We have considered the use of data analytics as part of this audit and the following tests will be performed:

KEY RISKS:	DATA ANALYTICS TO PERFORM:
<p>Trends in sickness absence may not be monitored</p> <p>Sickness absences may not be managed in line with the Sickness Absence policy</p>	<p>Use sickness absence data from 1 January 2020 to 28 February 2021 to assess whether there are any patterns of absence which could indicate</p> <ul style="list-style-type: none"> <li>• Staff misuse of the policy</li> <li>• Any specific departments that may need additional attention to address issues</li> <li>• Where triggers have not been met but not identified</li> </ul>

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