



Student Support Funding Audit Guidance AY 2022-23



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Issue Date:	30 August 2023
Reference:	SFC/GD/28/2023
Summary:	This guidance document describes SFC's audit arrangements for student support funds for Academic Year 2022-23.
FAO:	Principals, Finance Directors and Board Secretaries of Scotland's colleges, and the general public.
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Student Support Funding Audit Guidance AY 2022-23

Purpose

1. This guidance document describes the Scottish Funding Council's (SFC) audit arrangements for student support funds for Academic Year (AY) 2022-23.

Background

2. The guidance is intended to codify what should be existing practice in terms of the approach taken by auditors.
3. In addition to the general [conditions of grant](#) applicable to all SFC recurrent grants, as described in the [Financial Memorandum](#) colleges may only use student support grants as described in our student support policies. These policies also outline the data return and audit requirements of these funds. The conditions of use of student support funds are set out in the AY 2022-23 college sector student support national policies.
4. Student support policies for AY 2022-23 are available from the SFC website as set out below:
 - [Bursary policy.](#)
 - [Childcare policy.](#)
 - [Discretionary policy.](#)
5. The student support funds data return must be printed from the college's Further Education Statistics (FES) and signed before submission to SFC.

Guidance

6. Please ensure that your auditors for the above funds have a copy of this guidance. Detailed guidance is set out at [Annex B](#).
7. Auditors are requested to focus their work on:
 - Ensuring that charges to student support funds can be traced to individual students and that the FES summary data returns agree to individual student records.
 - The means testing of students (to ensure that funds allocated to individual students are consistent with guidance).
 - The paragraphs of the award assessment section of the Bursary policy relating to study expenses/costs. Auditors should ensure that colleges are not claiming items as study expenses to offset the cost of items which should be met from their core teaching grant.

8. Withdrawal procedures (to ensure that students are not receiving funding when they have not engaged in their studies for an extended period and/or have left college). Engagement monitoring (particularly the existence of accurate and timely engagement records to ensure that students are not receiving funding when their engagement is unsatisfactory). The student support funding data return is shown in a copy version at [Annex A](#). Whilst a copy of the return signed by the auditors should be sent to SFC, it is acknowledged that the auditors owe SFC no duty of care in respect of the audit of student support funds. This process does not constitute the provision of third party assurance to SFC.
9. The AY 2022-23 FES student support funding data return is due on **29 September 2023**. The return should be signed off by the college's Principal, prior to submission to SFC.

Audit and data collection requirements

10. The CEO/Principal of each college must ensure that all accounts and records are adequate and that there are controls in place to minimise incorrect payments. Colleges are required to complete the student support elements of the FES return to confirm their final spend on student support.
11. [Guidance on completing the FES data returns](#) is available on our website. An [update is also available for AY 2023-24](#).
12. The FES online student support funding report shown at [Annex A](#) requires to be signed off by an auditor.
13. Colleges should ensure that their auditors receive a copy of the:
 - Student support audit guidance.
 - National policy for FE bursaries.
 - National policy for FE discretionary funds.
 - National policy for childcare funds.

Further information

14. For general student support fund enquiries, please contact Scarlett Campbell, Senior Policy / Analysis Officer, Finance, tel: 0131 313 6516, email: studentsupport@sfc.ac.uk. For any student support fund audit guidance queries, please contact Wilma MacDonald, Senior Financial Analyst, Finance, tel: 0131 313 6565, email: wmacdonald@sfc.ac.uk.



Richard Maconachie FCCA
Director of Finance

Annex A

Student support funds AY 2022-23: data return

College Name: xxxxx College	College Contact:															
College Number: xxxxxxx	Phone Number:															
1st August 2022 - 31st July 2023																
	(AAC 1)		(AAC 2)		(ACC 3)		(AAC 4)		(ACC 5)		(ACC 6)		(AAC 7)			
Bursary Funds Expenditure	Student Under 18		Parentally Supported (At home)		Parentally Supported (Away from home)		Self-supporting		Care-experienced		Universal Credit		Non-maintenance		Totals	
	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)
Maintenance Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dependents Allowance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Approved residence costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Personal residence costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Study Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Travel Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Educational Needs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bursary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	(AAC 1)		(AAC 2)		(ACC 3)		(AAC 4)		(ACC 5)		ACC 6)		(AAC 7)			

Discretionary Funds Expenditure	Student Under 18		Parentally Supported (At home)		Parentally Supported (Away from home)		Self-supporting		Care-experienced		Universal Credit		Non-maintenance		Totals	
	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)	Headcount	(£)
FE Discretionary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Childcare Fund Expenditure																
Total FE Childcare Fund																
Total HE Childcare Fund *																
* UHI partner colleges to manually enter data on the CSV version of this report.																
Part-time Full-time Totals																
Headcount Expenditure (£) Headcount Expenditure (£) Headcount Expenditure (£)																
FE childcare, lone parent																
FE childcare, other																
HE childcare, lone parent																
HE childcare, other																
We have examined the books and records of the above college and have obtained such explanations and carried out such tests as we consider necessary.																
On the basis of our examination and the explanations given to us, we report that the information set out in these forms is in agreement with the underlying records.																
We also report that in our opinion, the college used these funds in accordance with the Scottish Funding Council conditions.																
We are satisfied that the systems and controls of the administration and disbursement of these funds are adequate. * Delete if not applicable.																
PLEASE RETURN A WET SIGNED ELECTRONIC COPY OF THIS FORM TO THE SCOTTISH FUNDING COUNCIL.																
Email to datareturns@sfc.ac.uk																

Principal's Signature
Auditor's Name (in printed capitals)
Auditor's Signature.....
Date of Signature.....

Annex B

Student support funds AY 2022-23: guidance for auditors

1. It is expected that colleges' systems and procedures will be sufficiently developed to allow auditors to take a controls-based approach to the audit. Auditors should, in the first instance, review and record the controls in place at the college to confirm that they are operating effectively in the following areas:
 - Receipt of funds from SFC.
 - Assessment of student eligibility for payments.
 - Disbursement of funds to students.
 - Compilation of annual return to SFC.
2. Detailed testing will be required as far as necessary to enable auditors to adequately assess whether the controls and procedures were working satisfactorily during the AY.
3. The nature and level of testing required must be judged by the auditor, bearing in mind the likely risk of errors existing which could give rise to incorrect payments being made or a material misstatement occurring in the return to SFC. The matrices at **Annex C** and **Annex D** indicate the potential areas of risk which should be addressed by the audit testing. However, it is not mandatory for auditors to follow the guidance set out in these two matrices.
4. Any significant issues arising from the audit should be formally reported to college management. This formal report should indicate what follow-up work is being carried out by the college to deal with the issues raised in the current year. The report should also indicate if significant issues from prior years remain unresolved, and what actions the college is taking or intends to take in order to resolve these issues expediently.
5. The accounting treatment of the student support funds in the annual financial statements is governed by the requirements of the accounts direction issued by SFC. The totals disclosed for student support income and expenditure in the financial statements should always reconcile to the audited returns. Where discrepancies are identified, these will be followed up with colleges by SFC staff.

Annex C

Areas of risk and audit considerations – bursaries

Risk area	System requirements/ expected controls
<p>1. Funding received from SFC is incorrectly recorded in the college ledgers.</p>	<p>Bursary funds should be allocated to appropriate headings in the ledger and be clearly identifiable.</p> <p>Funds recorded should reconcile to agreement with SFC.</p> <p>Note: It is considered to be good practice to hold bursary funds in a separate bank account, although there is no requirement to do so.</p>
<p>2. Bursaries are paid to students who do not meet the eligibility criteria.</p>	<p>College should have procedures to examine and retain details of original documents supporting students' claims.</p> <p>College processes for assessment and payment should include checks to ensure that students being paid have satisfied the eligibility criteria.</p>
<p>3. Care-experienced bursaries are paid to students who do not meet the Care Experienced eligibility criteria.</p>	<p>College should have procedures to examine and retain details of original documents supporting students' claims.</p> <p>College processes for assessment and payment should include checks to ensure that students being paid have satisfied the eligibility criteria.</p>
<p>4. Means testing for students is carried out and applied incorrectly.</p>	<p>College should have procedures for assessing student income, in line with national policy.</p>

Risk area	System requirements/ expected controls
5. Bursaries are paid to students who have already received the maximum bursary allowance.	College should have procedures to check levels of past support given to student.
6. Bursaries are paid to students for courses which do not meet the eligibility criteria.	<p>College procedures should identify which courses are eligible for bursary.</p> <p>College process for payment should include checks to ensure that students being paid are on eligible courses.</p>
7. Bursary awards are paid at the wrong rate.	<p>Awards should be paid at rates published in national bursary policy (as adjusted by any means-testing).</p> <p>College processes for payment should include checks to ensure that the correct rates are used.</p>
8. Bursary payments are made to the wrong recipient.	<p>College should operate checks over BACS details held for students.</p> <p>Controls should operate over the setting up of new student records to ensure only valid students are recorded.</p> <p>Bursary payments should be subject to the same level of controls as over other college payments including segregation of duties between bursary approvals and authorisation of payments.</p>

Risk area	System requirements/ expected controls
9. Bursaries are paid to students who have not met engagement criteria.	<p>College bursary procedures should include rules for measuring satisfactory engagement.</p> <p>Controls should be in place to ensure bursaries are not paid to students who have left the college.</p>
10. Audited return is not in agreement with underlying records in the college ledgers.	College should reconcile information contained in the return to main accounting records.
11. Items funded from the study expense allowances are allowable and allocated to students.	<p>College should have procedures for monitoring study expenses.</p> <p>Colleges were permitted to use the study expense allowance to provide students with ICT equipment on a loan basis, or reimburse students who incurred equipment or connectivity expenditure, to allow remote learning. As a result, colleges' spend in this area is likely to have increased and is currently uncapped.</p>
12. Alternative travel allowances are paid where normal means-testing has not been applied (excludes students under 18 and EMA students).	College should apply normal assessment guidelines when paying alternative allowances (except where SFC has agreed to alternative arrangements).
13. Bursary overspends are not charged to the income and expenditure account.	Overspends cannot be carried forward or offset against future allocations. College must bear the cost of overspends from its own resources.

Annex D

Areas of risk and audit considerations – discretionary funds and childcare

Risk area	System requirements/ expected controls
<p>1. Funding received from SFC is incorrectly recorded in the college ledgers.</p>	<p>Student support funds should be allocated to appropriate headings in the ledger and be clearly identifiable.</p> <p>Funds recorded should reconcile to agreement with SFC.</p> <p>Note: It is considered to be good practice to hold student support funds in separate bank accounts, although there is no requirement to do so.</p>
<p>2. Student support funds are paid to students who do not meet the eligibility criteria.</p>	<p>College should have procedures to examine and retain details of original documents supporting students' claims.</p> <p>College processes for assessment and payment should include checks to ensure that students being paid have satisfied the eligibility criteria.</p>

3. Support fund payments are made to the wrong recipient.

Support fund payments should be subject to the same controls as exist over other college payments including segregation of duties.

College should have procedures in place for cash and cheque payments to students.

College should operate checks over BACS details held for students.

Controls should operate over the set-up of new student records to ensure only valid students are recorded.

Ideally there should be segregation of duties between the officers dealing with support fund approval and those authorising payments.

Risk area	System requirements/ expected controls
4. Support funds are used for purposes specifically disallowed in the national policy.	<p>National policy document identifies which types of expenditure are not allowable.</p> <p>College procedures should clearly identify the nature of expenditure allowed.</p>
5. The amount of Lone Parent Childcare Grant (LPCG) paid in total to an individual student exceeds the annual maximum allowed.	<p>College systems should facilitate monitoring of payments made to individual students.</p> <p>Controls should be in place to prevent the total amount paid exceeding the maximum allowed in that AY.</p>
6. Audited return is not in agreement with underlying records in the college ledgers.	<p>College should reconcile information contained in the return to main accounting records.</p>
7. Student support funds are used to fund capital expenditure.	<p>Under the national policy, support funds should not be used for capital purposes.</p>
8. Childcare payments are made without due reference to circumstances of applicant.	<p>Colleges should give priority to lone parents, part-time students and mature students when allocating support funds.</p> <p>College should have a strategy or approach describing how they ensure that funds are targeted towards priority groups and those students with genuine hardship and need.</p>