

# STUDENT SUPPORT FUNDING AUDIT GUIDANCE 2021-22



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<b>ISSUE DATE:</b>	16 August 2022
<b>REFERENCE:</b>	SFC/GD/20/2022
<b>SUMMARY:</b>	This guidance document describes SFC's audit arrangements for student support funds for academic year 2021-22.
<b>FAO:</b>	Principals, Finance Directors and Board secretaries of Scotland's colleges, and the general public.
<b>FURTHER INFORMATION:</b>	<b>CONTACT:</b> Sarah Kirkpatrick / Wilma MacDonald <b>JOB TITLE:</b> Senior Policy Analysis Officer / Senior Financial Analyst <b>DIRECTORATE:</b> Finance <b>TEL:</b> 0131 313 6696 / 0131 313 6565 <b>EMAIL:</b> <a href="mailto:studentsupport@sfc.ac.uk">studentsupport@sfc.ac.uk</a> / <a href="mailto:wmacdonald@sfc.ac.uk">wmacdonald@sfc.ac.uk</a>

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## TABLE OF CONTENTS

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<b>STUDENT SUPPORT FUNDING AUDIT GUIDANCE 2021-22</b> .....	<b>4</b>
Purpose.....	4
Background.....	4
Guidance.....	4
Audit and data collection requirements .....	5
Further information .....	6
<b>ANNEX A</b> .....	<b>7</b>
<b>STUDENT SUPPORT FUNDS 2021-22: DATA RETURN</b> .....	<b>7</b>
<b>ANNEX B</b> .....	<b>10</b>
<b>STUDENT SUPPORT FUNDS 2021-22: GUIDANCE FOR AUDITORS</b> .....	<b>10</b>
<b>ANNEX C</b> .....	<b>11</b>
<b>AREAS OF RISK AND AUDIT CONSIDERATIONS - BURSARIES</b> .....	<b>11</b>
<b>ANNEX D</b> .....	<b>16</b>
<b>AREAS OF RISK AND AUDIT CONSIDERATIONS – DISCRETIONARY FUNDS AND CHILDCARE</b> .....	<b>16</b>

## STUDENT SUPPORT FUNDING AUDIT GUIDANCE 2021-22

### PURPOSE

1. This guidance document describes the Scottish Funding Council's (SFC) audit arrangements for student support funds for Academic Year (AY) 2021-22.

### 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 2021-22 college sector student support national policies.
4. Student support policies for 2021-22 are available from the SFC website:
  - [Bursary policy.](#)
  - [Childcare policy.](#)
  - [Discretionary policy.](#)
5. SFC has also issued additional guidance to colleges in response to the COVID-19 emergency and its impact on student funding: [FE Student Support in Colleges - COVID-19 FAQs.](#)
6. The student support funds data return must be printed from FES and signed before submission to SFC.

### GUIDANCE

7. Please ensure that your auditors for the above funds have a copy of this guidance. Detailed guidance is set out at [Annex B.](#)
8. Auditors are requested to focus their work on:
  - Ensuring that charges to student support funds can be traced to the 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. 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.
  - Withdrawal procedures (to ensure that students are not being paid when they have not engaged for an extended period and have left college). As noted below, auditors should note the flexibilities around student engagement requirements and the reduced need for physical attendance due to COVID-19 restrictions.
  - Engagement monitoring (particularly the existence of accurate and timely engagement records to ensure that students are not being paid when their engagement is unsatisfactory). It should be noted that SFC has allowed colleges greater flexibility in relation to student engagement and related record-keeping requirements in light of COVID-19 restrictions / impacts and that, for many students, physical attendance was restricted throughout 2021-22.
9. The COVID-19 emergency and the closure of offices has led to some challenges for auditors in obtaining access to physical records as part of obtaining the relevant evidence for testing. Audit firms will have developed their own protocols for auditing in the current environment and SFC understands that college systems are sufficiently developed to maintain electronic audit trails which can be accessed remotely, given the correct permissions. However, should auditors be unable to access adequate audit evidence, this should be indicated on the audit certificate.
  10. 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.
  11. The AY 2021-22 FES student support funding data return is due on **30 September 2022**. The return should be signed off by the college's Principal, prior to submission to SFC.

## AUDIT AND DATA COLLECTION REQUIREMENTS

12. 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.

13. [Guidance on completing the FES data returns](#) is available on our website. An [update is also available for AY 2022-23](#).
14. The FES online student support funding report shown at [Annex A](#) requires to be signed off by an auditor.
15. Colleges should ensure that their auditors receive a copy of the:
  - Student support audit guidance.
  - FE Student Support in Colleges - COVID-19 FAQs.
  - National policy for FE bursaries.
  - National policy for FE discretionary funds.
  - National policy for childcare funds.

## FURTHER INFORMATION

16. For general student support fund enquiries please contact Sarah Kirkpatrick, Senior Policy / Analysis Officer, Finance, tel: 0131 313 6696, email: [studentsupport@sfc.ac.uk](mailto: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](mailto:wmacdonald@sfc.ac.uk).



**Richard Maconachie FCCA**

Director of Finance

## ANNEX A

## STUDENT SUPPORT FUNDS 2021-22: DATA RETURN

College Name: Xxxxx College	College Contact: .....														
College Number: xxxxxxx	Phone Number: .....														
<b>[ESF Students to be included in all tables]</b>		<b>1st August 2021 - 31st July 2022</b>													
	(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
Dependents Allowance	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
Personal residence costs	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
Travel Expenses	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
Total Bursary	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 Headcount (£)	Parentally Supported (At home) Headcount (£)	Parentally Supported (Away from home) Headcount (£)	Self-supporting Headcount (£)	Care-experienced Headcount (£)	Universal Credit Headcount (£)	Non-maintenance Headcount (£)	Totals Headcount
FE Discretionary	0	0	0	0	0	0	0	0
Childcare Fund Expenditure		Headcount	Expenditure (£)					
Total FE Childcare Fund		0	0					
Total HE Childcare Fund *		0	0					
* 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	0	0	0	0	0	0		
FE childcare, other	0	0	0	0	0	0		
HE childcare, lone parent	0	0	0	0	0	0		
HE childcare, other	0	0	0	0	0	0		
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 <a href="mailto:datareturns@sfc.ac.uk">datareturns@sfc.ac.uk</a>
Principals Signature .....
Auditors Name (in printed capitals) .....
Auditors Signature.....
Date of Signature.....

## ANNEX B

## STUDENT SUPPORT FUNDS 2021-22: 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 academic year.
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. Auditors should take account of SFC's [additional guidance](#) issued to colleges in the light of the COVID-19 emergency in designing and carrying out their testing.
5. 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.
6. 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
<p>5. Bursaries are paid to students who have already received the maximum bursary allowance.</p>	<p>College should have procedures to check levels of past support given to student.</p> <p>SFC has indicated that, where students need to extend or repeat elements of their course as a result of COVID-19, colleges may support students beyond the usual maximum duration of 43 weeks within one year, including over the summer months. In addition, colleges should not count support offered over the extension period towards students' cumulative total support. These exceptions apply if the entire course has had to be extended, or if an individual student has to extend their studies as a result of COVID (for example if they have been ill or because of caring responsibilities).</p>
<p>6. Bursaries are paid to students for courses which do not meet the eligibility criteria.</p>	<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>
<p>7. Bursary awards are paid at the wrong rate.</p>	<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.

College should operate checks over BACS details held for students.

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

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.

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> <p>Note: SFC has relaxed attendance / engagement requirements</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 during COVID-19 restrictions. 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).	<p>College should apply normal assessment guidelines when paying alternative allowances (except where SFC has agreed to alternative arrangements).</p> <p>Most students were learning under a hybrid model during 2021-22 and colleges were expected to only pay travel expenses for the days where students were attending college. Where colleges had contracts with third-party travel providers, such as bus companies, which had to be legally honoured despite the travel services not being used, colleges could continue to charge these services to the student support budget.</p>

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.

## 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. Note: SFC relaxed requirements relating to supporting documentation due to COVID-19 restrictions and allowed colleges to make allocations on the basis of information previously submitted by the student.</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 academic year.</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> <p>Note: the only exception to this is where a college has provided equipment on a loan basis, or reimbursed student digital equipment expenditure, to allow remote learning during COVID-19 restrictions.</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>

Where Childcare providers were closed as a result of COVID-19 and were not being used by students, colleges were asked to stop paying costs to students. Where students were able to evidence that they were still paying fees to Childcare providers despite not using the service (e.g. contracts with retainer fees) colleges could continue to pay these childcare costs to the student. Colleges were able to pay childcare costs to students who were studying remotely, where childcare providers were open.