



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

**SFC GUIDANCE**

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# FES Return and Audit Guidance 2023-24



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## FES Return and Audit Guidance 2023-24

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<b>ISSUE DATE:</b>	27 August 2024
<b>REFERENCE:</b>	SFC/GD/19/2024
<b>SUMMARY:</b>	Guidance to colleges on the completion of their student activity data for Academic Year (AY) 2023-24 (FES Return) and audit guidance for that year.
<b>FAO:</b>	Principals, Directors and Board Secretaries of Scotland's colleges, and the general public.
<b>FURTHER INFORMATION:</b>	<b>CONTACT:</b> Gordon McBride / Gavin Bruce <b>JOB TITLE:</b> Assistant Director <b>DIRECTORATE:</b> Finance <b>TEL:</b> 0131 313 6575 / 0131 313 6585 <b>EMAIL:</b> <a href="mailto:gmcbride@sfc.ac.uk">gmcbride@sfc.ac.uk</a> / <a href="mailto:gbruce@sfc.ac.uk">gbruce@sfc.ac.uk</a>

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## FES Return and Audit Guidance 2023-24

### Introduction

1. Colleges are required to provide a Further Education Statistics (FES) return, a college certificate, an audit certificate and an audit report. These data are used to inform decisions relating to college grant allocations therefore it is important that they are compiled accurately.
2. The credits data for Academic Year (AY) 2023-24 will be generated by the college management information systems and returned to the Scottish Funding Council (SFC) via FES ONLINE. These data should relate to all activity that is fundable by SFC in AY 2023-24.
3. Colleges should make the FES return via FES ONLINE. The timetable for the return of data files, college certificate, audit certificate and audit report is set out in the table below. It is now no longer a requirement to send in hard copy signed documents. SFC will accept signed electronic documents for the college certificate, audit certificate and the audit report. Please send these as separate attachments to [datareturns@sfc.ac.uk](mailto:datareturns@sfc.ac.uk).

Return	Description	Latest return date	Reference
FES	AY 2023-24 session return.	4 Oct 2024	<a href="#">FES guidance for AY 2023-24</a> and this guidance.
College certificate	Signed 'Credits claimed' certificate for 2023-24 signed by the college Principal after verification of the 2023-24 FES return.	4 Oct 2024	<a href="#">Annex A</a> to this letter.
Audit certificate	Audit certificate to the Board of Management on the FES data for 2023-24.	4 Oct 2024	<a href="#">Annex B</a> to this letter.
Audit report	Full report on issues identified by the auditors for 2023-24, completed by your auditors.	4 Oct 2024	This guidance ( <a href="#">paragraphs 8 to 17</a> ).
Special circumstances	Details of any extraordinary event or circumstance, prepared by the college, which has impacted upon activity levels.	4 Oct 2024	This guidance ( <a href="#">paragraphs 6 and 7</a> ).

## College certificate

- This is for signature by the college principal, after verification of the 2023-24 FES return, which should be completed with reference to SFC's [Credit Guidance](#) for AY 2023-24. An example of the form for the college certificate is provided at [Annex A](#).

## Adherence to timescale

- We will use the return to inform future funding decisions. It is therefore important that your college adheres to the timetable for returns.

## Comparison of actual student activity with target activity and notification of special circumstances

6. As a standard condition associated with the [College Final Funding Allocations for AY 2023-24](#), if a college (or Regional Strategic Body) does not deliver its Outcome Agreement and the targets set out within it, SFC will consider recovery of grant and/or reductions in future funding.
7. Please therefore advise us before 4 October 2024 of any special circumstances you believe should be considered. We will contact colleges regarding any under-delivery against credit thresholds as part of the analysis of FES data but advance indication of circumstances to be considered would be helpful.

## Audit certificate and report

8. Colleges are required to obtain from their auditors an independent opinion on the accuracy of their FES return. Auditors must assess the adequacy of the college's systems, procedures and controls which underpin the completion of their FES return.
9. It is the responsibility of the college's Board of Management to appoint auditors to undertake the audit of their FES return. The auditors are required to provide college management with their opinion in the form of an 'audit certificate', the format of which is provided at [Annex B](#). The college should send the signed certificate, along with their FES return signed by the Principal, to SFC by **4 October 2024**.
10. In addition, auditors are required to provide college management with a formal report setting out the approach, scope and findings of their review. A written report should be completed by the auditor and presented to college management. It is the college's responsibility to submit a copy of this report, incorporating the responses from college management, to SFC by **4 October 2024**.
11. College management should ensure that auditors complete their reviews in time for SFC to receive the audit certificate and report by **4 October 2024**. Whilst a copy of the signed audit certificate should be sent to SFC, it is acknowledged that **the auditors owe SFC no duty of care in respect of their audit of the FES return. This process does not constitute the provision of third-party assurance to SFC.**
12. SFC suggests that the report should include the following sections:
  - The scope of the audit.
  - The approach taken, including the number of days per auditor, the seniority of the auditors, and the management / quality assurance processes applied.
  - The work undertaken, including the extent of the controls/substantive testing undertaken, and the size of samples examined in percentage terms.

- Details of any additional testing carried out as a result of errors found in initial sampling.
  - Review of the status of prior year recommendations, highlighting any significant weaknesses that remain outstanding.
  - The main findings of the audit work, including any adjustments expressed in credits and approximate equivalent monetary values.
  - A summary of adjusted and unadjusted errors including number of credits and monetary values of errors found by auditors.
13. Audit certificates should only be qualified where it is considered that the college's credit returns contain material misstatements.
  14. The required wording of the audit certificate must be adhered to. Significant deviations which alter the level of assurance may lead to rejection of the certificate.
  15. SFC will review the audit certificate and the auditors' report. SFC may decide to contact the auditors directly and undertake a more detailed examination of the work undertaken if deemed necessary.

## Collection of student activity data and college funding methodology

16. Auditors should familiarise themselves with SFC's guidance notes for the collection of 2023-24 student activity data in the [FES guidance](#) issued on 12 June 2023.
17. The [2023-24 Credit guidance](#) outlines the eligibility criteria for claiming credits for AY 2023-24.

## Specific guidance for auditors

18. This audit guidance has been written to facilitate a consistency of approach to credits auditing across the sector. It is expected that colleges' systems, procedures and controls will be sufficiently developed to allow auditors to take a controls-based approach to the audit of the data return. In certifying the reasonableness of the credits element of the FES return, auditors should in the first instance identify, review and record the systems and procedures (e.g. Management Information Systems for recording and reporting student and course / programme information) used as the basis for the FES return, and test and assess adequacy of controls in place.
19. Detailed testing will be required as far as necessary to enable auditors adequately to assess whether the controls and procedures were working satisfactorily during the AY as contained in procedure notes. Auditors should note that the procedure for submitting FES data to SFC incorporates an automatic error/exception reporting process allowing colleges to check and/or correct highlighted entries. Understanding the effectiveness of how this process works at individual colleges should be recognised as part of the audit.

20. The compliance testing of system controls should be supplemented by an appropriate level of substantive testing of the actual credits data. The selection of samples and the determination of sample sizes should have regard to those areas of higher risk as outlined at [Annex C](#). Auditors should use their professional judgement to determine if any misstatements they detect are 'significant' or 'material' for the relevant data.
21. Auditors should also consider, where it is appropriate, to check college returns against external data, such as information from the Scottish Qualifications Authority and Student Awards Agency Scotland.
22. The guidance in [Annex C](#) is derived from the content of auditors' detailed reports and generic issues identified from SFC's own cyclical reviews of colleges' student data. It sets out the main areas of risk and suggests systems and controls colleges should have in place and audit considerations in relation to these risk areas.

## Feedback on prior years' audits

23. A review of the auditors' reports for previous years showed common areas of weakness were:
  - Incorrect course superclass classification and mapping to Price Group.
  - Inconsistency between the number of credits claimed and the number of units / subjects reported within the FES student record.
  - Attendance registers for off-campus learning activity not available for audit and not matching systems data.
  - Withdrawals not being recorded correctly and reconciled with the student's last date of attendance in college. Note: this requirement does not apply to the on-going payment of Student Support Funds (SSF) therefore please refer to the separate SSF guidance for specific guidance.
  - Incorrect calculation of credit values, particularly in relation to:
    - Infill students.
    - Claims for non-Scottish UK students (note the change in status for EU students from 2021-22).
  - Lack of evidence for:
    - The hours claimed in relation to students on work-based learning courses.
    - The hours claimed in relation to students on non-accredited (subject-based) work experience/placements.
    - Time-related milestones and progression for students on open/distance learning courses.
    - Entitlement to fee waiver claims.



24. Colleges are therefore reminded of:

- The importance of having appropriate controls in place, including effective operation of these controls, during the AY. This will ensure that data in the system is accurate, as these feed directly into the FES return.
- The need to ensure attendance registers are accessible and being completed accurately, and that procedures are in place to record withdrawals accurately and timeously.
- The importance of categorising and recording work-based learning activity fully and accurately according to the guidance.
- The need to maintain evidence to support credits claimed for work-based learning, open/distance learning and Price Group 5.

## Communication between auditors and SFC

25. In the event of any problems arising with college systems, the auditors should, in the first instance, attempt to resolve matters with the college and perform sufficient work to ensure that the data on the return is reliable.
26. If it appears that the auditors will be unable to sign the report by the due date, then college management should notify SFC at once so that a course of action can be agreed with both the college and the auditors.
27. If a difficulty arises in relation to interpretation of SFC's instructions or guidance, or if the college and the auditors interpret these differently, then the auditors may consult SFC for advice.

## Further information

28. For further information please note the following contacts.

## FES return

29. Steve Riddell, Senior Policy Analysis Officer, Policy, Insight & Analytics, tel: 0131 313 6685, email: [sriddell@sfc.ac.uk](mailto:sriddell@sfc.ac.uk) or Michelle McNeill, Policy Analysis Officer, Policy, Insight & Analytics, tel: 0131 313 6662, email: [mmcneill@sfc.ac.uk](mailto:mmcneill@sfc.ac.uk).

## Credit guidance

30. Gordon McBride, Assistant Director, Finance, tel: 0131 313 6575, email: [gmcbride@sfc.ac.uk](mailto:gmcbride@sfc.ac.uk).

## Audit matters

31. Steve Keightley, Senior Financial Analyst, Institutional Sustainability & Governance, tel: 0131 313 6587, email: [skeightley@sfc.ac.uk](mailto:skeightley@sfc.ac.uk).



**Richard Maconachie FCCA**  
Director of Finance

## College certificate

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

I confirm that the FES return contains details of all Credits claimed in respect of fundable programmes relating to college activity in AY 2023-24.

I also confirm that I am satisfied that the information supplied in the FES return is free from material misstatement.

I confirm that the figures include, where appropriate, any adjustments identified from our auditors' review.

The total number of credits claimed is as follows:

	Threshold	Claimed
<b>Total Credits</b>		

College name: .....

College Principal's signature: .....

Date: .....

Please return your completed form to:

SFC Data Returns - email: [datareturns@sfc.ac.uk](mailto:datareturns@sfc.ac.uk) - by **4 October 2024**.

## Format for credits audit certificate for AY 2023-24

### Auditor's report to members of College Board of Management

I/We have audited the FES return which has been prepared by \_\_\_\_\_ College under SFC's Credit Guidance for colleges issued 12th June 2023 and which has been confirmed as being free from material misstatement by the College's Principal in his/her Certificate dated \_\_\_\_\_.

I/We conducted our audit in accordance with the 2023-24 audit guidance for colleges. The audit included an examination of the procedures and controls relevant to the collection and recording of student data. I/We evaluated the adequacy of these controls in ensuring the accuracy of the data. It also included examination of evidence relevant to the figures recorded in the student data returns. I/We obtained sufficient evidence to give us reasonable assurance that the returns are free from material misstatements.

#### In my/our opinion:

- The student data returns have been compiled in accordance with all relevant guidance.
- Adequate procedures are in place to ensure the accurate collection and recording of the data.
- [Subject to the exceptions given below] we can provide reasonable assurance that the FES return is free from material misstatements.

**Signature:**

**Date:**

**Name of audit firm:**

**Contact name:**

**Contact telephone number:**

**Date FES returned:**

A qualified audit would require different wording and the subject matter referred to in square brackets of the third bullet point would be expanded.

Please return your completed form to:

SFC Data Returns ([datareturns@sfc.ac.uk](mailto:datareturns@sfc.ac.uk)) by **4 October 2024**

## Key risk areas

To assist auditors the table below highlights areas we consider being high risk and would expect an auditor to give significant attention to.

Risk area	System requirements / expected controls
The average credits claimed for full-time students exceeds levels indicated in credit guidance.	College should have procedures in place to monitor the average credit claim for full-time (FT) students and demonstrate clear movement towards the levels set in the 2023-24 Credit Guidance (17 for FT FE and 15 for FT HE). Auditors should contact SFC if there are any queries regarding the interpretation of this risk.
Incorrect credit value is claimed for collaborative provision.	Some courses are funded from multiple sources. In these situations, the SFC credit claim should be reduced accordingly. Colleges should not claim funding from two sources for the same activity. Colleges should have procedures in place to identify students' part-funded from multiple sources and to ensure that credit claims are reduced to reflect the funding from other sources. This could mean that the student is not eligible for SFC funding as the amount from other funding streams covers the cost of delivery.
Fee waivers and students with multiple enrolments.	SFC will only pay for one FT fee waiver in a single Academic Year (AY). Students can however enrol on more than one course in a single year (FT plus additional part-time enrolments or multiple part-time courses). Colleges should have processes in place to monitor students with more than one enrolment and correctly code their eligibility for a fee waiver for each course. Students enrolled on courses that span AYs may end up claiming more than one fee waiver in a single year. Guidance explaining the circumstances in which colleges may claim fee waiver grant is on the SFC website: <a href="#">Fee Waiver Policy AY 2023-24</a> .
Spanning courses	Where students are enrolled on courses that span AYs, the colleges should have appropriate processes in place to ensure credits are only claimed at the end of the course year.

Risk area	System requirements / expected controls
Non-fundable courses or students	Colleges should have procedures in place to ensure that no credits are claimed for ineligible students. This would include students who do not meet the residency criteria or who withdraw before the funding qualifying date. They should also have processes in place to ensure they do not claim credits for non-fundable courses (full cost recovery).
Distance Learning	Colleges should have procedures to agree the likely duration of study, set time-related milestones and review progress. Students not meeting milestones may not be eligible for funding.
Infill students	Colleges should have procedures in place to ensure that the correct credits are claimed for students only studying part of a course. Infill students may sit in the same class as other students but will not study all subjects. The credits claimed should reflect the active subjects.
Non-accredited placements	Colleges can claim a credit for 80 hours of non-accredited placements. Colleges should have procedures in place to identify students undertaking non-accredited placements and to set a reasonable duration of non-accredited work experience/placement for these students. Colleges should be able to justify the level of credits claimed for the placement element as well as the overall claim for the student.

