



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC Call for information

Reference: SFC/CI/07/2022

Issue date: 09/12/2022

College Financial Statements and Returns 2021-22



College Financial Statements and Returns 2021-22

ISSUE DATE:	9 December 2022
REFERENCE:	SFC/CI/07/2022
SUMMARY:	This Call for Information requests copies of audited 2021-22 financial statements and associated supporting information.
FAO:	Principals, Finance Directors and Board Secretaries of Scotland's Regional Colleges, non-assigned non-incorporated colleges, and Regional Strategic Bodies; and the general public.
FURTHER INFORMATION:	CONTACT: Andrew Millar / Wilma MacDonald JOB TITLE: Assistant Director / Senior Financial Analyst DIRECTORATE: Finance TEL: 0131 313 6538 / 0131 313 6565 EMAIL: amillar@sfc.ac.uk / wmacdonald@sfc.ac.uk

Table of contents

College Financial Statements and Returns 2021-22.....	4
Purpose.....	4
2021-22 Financial statements.....	4
Multi-college regions	5
Adjusted operating position	5
Regional colleges and RSBs.....	5
Assigned colleges.....	5
Further information	5
Annex A.....	7
Completion of the financial statements spreadsheet.....	7
Explanations for significant variances.....	7
Which figures does the institution need to add?	7
Spreadsheet order	7
What explanation is the institution expected to provide?.....	8
Annex B.....	9
Financial statements and return checklist	9

College Financial Statements and Returns 2021-22

Purpose

1. I am writing to ask you to provide copies of your audited 2021-22 financial statements and associated supporting information.
2. Regional colleges, non-assigned non-incorporated colleges, and Regional Strategic Bodies (RSBs) should send their returns to the Scottish Funding Council (SFC). RSBs should provide SFC with assigned colleges' financial statements, spreadsheet returns and associated documents.
3. All returns and associated documents should be submitted to SFC by 31 December 2022. Each RSB will set a deadline for its assigned colleges to return this information to it.
4. If any of your documents are ready prior to 31 December, earlier submission to SFC would be welcomed.
5. Electronic copies of the annual accounts return and supporting documents should be emailed to: isg-returns@sfc.ac.uk.

2021-22 Financial statements

6. In preparing their annual report and accounts, institutions are required to comply with the [Accounts Direction](#) issued on 19 July 2022.
7. The annual accounts review is an established part of SFC's financial health monitoring framework.
8. Guidance on completing the spreadsheet return can be found at **Annex A**.
9. The documents needed to complete your electronic return are published on our website along with this Call for Information and include a blank copy of the spreadsheet return template; and checklist of required documents (**Annex B**). The template is unlocked so that it can be used in preparing the figures for the return. We would request that institutions complete the pre-populated return provided for submission to SFC.
10. Finance Directors will receive an individual spreadsheet which we have pre-populated with the 2020-21 comparative figures and September 2022 Financial Forecast Return (FFR) figures for 2021-22. For assigned colleges, we will send the pre-populated return to the RSB. If any changes are required to the 2020-21 figures due to prior year adjustments, institutions should advise SFC, or their RSB, of the amendments required and an updated return will be provided for completion.

Multi-college regions

11. Assigned colleges should submit their documentation to their RSB who will forward everything on to SFC. SFC will follow up any queries with the RSB.

Adjusted operating position

12. The 2021-22 Accounts Direction referred to above provides guidance on the calculation of the adjusted operating position for institutions in paragraphs 15 to 19 of Appendix 2.
13. Institutions are required to submit a draft Adjusted Operating Position calculation, together with their draft accounts and actuarial report, to SFC for agreement prior to finalising their 2021-22 accounts.

Regional colleges and RSBs

14. If your institution has recorded any significant deterioration in its financial position for the current Academic Year (2022-23) compared to that set out in the September 2022 FFR, please inform the relevant Senior Financial Analyst within the Finance directorate as soon as possible and provide a full commentary on the reasons for the deterioration. [A list of the Senior Analyst portfolios](#) is available on the SFC website.
15. Similarly, if any covenants relating to your institution's borrowing have been or are likely to be breached within the next 12 months, please advise the relevant Senior Financial Analyst as soon as possible.

Assigned colleges

16. If your college has recorded any significant deterioration in its financial position for the current Academic Year (2022-23) compared to that set out in the 2022 FFR, please inform your RSB as soon as possible and provide a full commentary on the reasons for the deterioration. The RSB should inform the relevant Senior Financial Analyst.
17. Similarly, if any covenants relating to your college's borrowing have been or are likely to be breached within the next 12 months, please advise your RSB as soon as possible. The RSB should inform the relevant Senior Financial Analyst.

Further information

18. Please contact Andrew Millar, Assistant Director, Finance (tel: 0131 313 6538; email: amillar@sfc.ac.uk) or Wilma MacDonald, Senior Financial Analyst, Finance (tel: 0131 313 6565; email: wmacdonald@sfc.ac.uk) to discuss any aspect of this communication.

A handwritten signature in black ink that reads "Ursula Lodge". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Ursula Lodge CPFA

Deputy Director Institutional Sustainability & Capital

Annex A

Completion of the financial statements spreadsheet

Explanations for significant variances

1. Please enter explanations for any significant variances in the columns provided. Providing comprehensive reasons for larger variances in the spreadsheet should reduce the number of questions we have after submission. Please use the explanations column to draw attention to anything you feel it would be useful for SFC to know.
2. When we have reviewed your spreadsheet, we will consider if there are any further matters we need to raise with you, or in the case of assigned colleges with your RSB, before concluding our consideration of your financial statements.

Which figures does the institution need to add?

3. All blue boxes in the worksheets should be completed. If the figure for an item is zero, please enter a "0" and do not simply leave the box blank. The cash budget for priorities sheet is not required for non-incorporated colleges.

Spreadsheet order

4. There are eleven sheets in the spreadsheet that have boxes to be completed. We suggest that the order of completion is:
 - (i) Income.
 - (ii) Expenditure.
 - (iii) Pension contributions.
 - (iv) Statement of Comprehensive Income and Expenditure (SoCIE).
 - (v) Balance Sheet.
 - (vi) Liquidity analysis.
 - (vii) Adjusted operating position.
 - (viii) Cash budget for priorities.
 - (ix) Additional info (please complete all applicable sections).
 - (x) Cashflow.
 - (xi) Declaration.
5. The new liquidity analysis sheet will provide us with a clearer picture of colleges' underlying liquidity position after taking account of cash commitments.
6. Please note that only whole numbers should be input into the spreadsheet. It is very important that you do not link the spreadsheet to another document or add additional

columns or rows in any of the sheets in the workbook.

What explanation is the institution expected to provide?

7. If the movement in an item on last year's results or on the September 2022 FFR forecast is of a significant amount (variance +/- 5% or over 2% of total expenditure), please provide details of the reason for the variance in the explanation column.
8. Explanations should be genuinely insightful, giving clarity about the cause of a variance. This should reduce the number of queries arising from our review of the spreadsheet and accounts.

Annex B

Financial statements and return checklist

Please ensure that all the documents referred to below are submitted to SFC in the format indicated and no later than 31 December 2022. Assigned colleges should ensure that all documents are submitted to their RSB in the format indicated to allow the RSB to send its information to SFC no later than 31 December 2022. Each RSB will set a deadline for its assigned colleges to return the required information to it.

1	A signed copy of the audited financial statements	PDF
2	An unsigned copy of the audited financial statements (to be put on SFC's website after laying in Parliament)	PDF
3	Annual audit report and any management letter(s) from external auditor	PDF
4	Paper to finance committee which accompanied the financial statements	PDF
5	Subsidiary accounts (where applicable)	PDF
6	Internal auditor's annual report	PDF
7	Audit Committee annual report	PDF
8	The spreadsheet return signed by the Principal	Excel