



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

## Student Support Fund audit guidance 2019-20

**SFC Guidance**

Issue Date: 17 July 2020

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Reference: SFC/GD/16/2020

Summary: This guidance document describes the Scottish Funding Council's (SFC) audit arrangements for student support funds for academic year 2019-20.

FAO: Principals, Finance Directors and Board secretaries of Scotland's colleges

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## Student Support Fund audit guidance 2019-20

### Purpose

1. This guidance document describes the Scottish Funding Council's (SFC) audit arrangements for student support funds for academic year 2019-20.

### 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 recurrent grants, as described in the [Financial Memorandum](#), colleges may only use student support grants from SFC 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 2019-20 college sector student support national policies.
4. General conditions of grant are set out in the [Financial Memorandum](#) on the SFC website.
5. Student support policies for 2019-20 are available from the SFC website:
  - [Bursary policy](#).
  - [Childcare policy](#).
  - [Discretionary policy](#).
6. 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](#) and [supplementary information on Redirecting Travel and Childcare payments to Discretionary Funds](#).
7. The student support funds data return must be printed from FES and signed before submission to SFC.

### The guidance

8. Please ensure that your auditors for the above funds have a copy of this guidance. Detailed guidance is set out at Annex B.
9. Auditors are requested to focus their work on:
  - Attendance monitoring (particularly the existence of accurate and timely attendance / engagement records to ensure that students are not being paid

when their attendance / engagement is unsatisfactory). SFC has relaxed attendance / engagement and related record-keeping requirements in light of COVID-19 restrictions / impacts.

- Withdrawal procedures (to ensure that students are not being paid when they are no longer attending / engaging and have left college). As above, auditors should note relaxation of attendance / engagement requirements due to COVID-19 restrictions.
  - The means testing of study items (to ensure that funds are not being paid to a student who is not attending / engaging or has left college and that means testing is still applied when study items are bought in bulk).
  - Auditors should also note the paragraphs of the award assessment section of the Bursary policy relating to study expenses and 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.
  - Ensuring, through appropriate sampling, that items charged to student support funds can be traced through to the individual students concerned and that the FES summary data returns correlate to individual student records.
10. 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.
  11. 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.
  12. The AY 2019-20 FES student support funding data return is due on **2 October 2020**. The return should be signed off by the college's principal, prior to submission to SFC.

### **Audit and data collection requirements**

13. The chief executive officer / principal of each college must ensure that all accounts and records are adequate and that there are systems 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.

14. Guidance on completing the FES Data returns is [available on our website](#).
15. The FES online student support funding report shown at Annex A requires to be signed off by an auditor.
16. Colleges should ensure that their auditors receive a copy of:
  - The student support audit guidance.
  - FE Student Support in Colleges - COVID-19 FAQs and [supplementary information on Redirecting Travel and Childcare payments to Discretionary Funds](#).
  - The national policy for further education bursaries.
  - The national policy for further education discretionary funds.
  - The national policy for childcare funds.
  - The outcome agreement for the relevant year.

#### **Further information**

17. For general student support fund enquiries please contact Caroline Leburn, Senior Policy / Analysis Officer, Finance, tel: 0131 313 6660, 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 6689, email: [wmacdonald@sfc.ac.uk](mailto:wmacdonald@sfc.ac.uk).



**Lorna MacDonald**  
Director of Finance

## Student support funds 2019-20: data return

College Name:								College Contact: .....							
College Number:								Phone Number: .....							
1st August 2019 - 31st July 2020															
(AAC 1)				(AAC 2)				(AAC 3)							
Students under 18				Parentally Supported				Self Supporting							
Headcount		Expenditure (£)		Headcount		Expenditure (£)		Headcount		Expenditure (£)					
Maintenance Costs															
At Parental Home		0	0	0	0	0	0	0	0						
Away from Parental Home		0	0	0	0	0	0	0	0						
Approved Accommodation or Lodgings		0	0	0	0	0	0	0	0						
Personal Allowance		0	0	0	0	0	0	0	0						
Dependents Allowance															
Study Expenses		0	0	0	0	0	0	0	0						
Travel Expenses		0	0	0	0	0	0	0	0						
Special Educational Needs		0	0	0	0	0	0	0	0						
Total Bursary		0	0	0	0	0	0	0	0						
Total Bursary Fund Spend		0	0	[ESF Students to be included in all tables]											
(AAC 1+2+3)															

Discretionary Fund & Childcare Fund Expenditure				
	Headcount	Expenditure (£)		
Total FE Discretionary Fund	0	0		
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	
	Headcount	Expenditure (£)	Headcount	Expenditure (£)
FE childcare, lone parent	0	0	0	0
FE childcare, other	0	0	0	0
HE childcare, lone parent	0	0	0	0
HE childcare, other	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 AN ELECTRONIC AND SIGNED PAPER COPY OF THIS FORM TO THE SCOTTISH FUNDING COUNCIL.				
Principals Signature .....				
Auditors Name (in printed capitals) .....				
Auditors Signature.....				
Date of Signature.....				



## Student support funds 2019-20: guidance for auditors

1. It is expected that colleges' systems and procedures will be sufficiently developed to allow auditors to take a systems-based approach to the audit. Auditors should, in the first instance, review and record the systems in place at the college to cover 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 in so far as necessary to enable auditors to adequately assess whether the systems and procedures are working satisfactorily as described to them.
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 and provide suggested approaches to achieve the overall audit objectives as described in this guidance. 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.
7. It is crucial that the student support disclosures within the financial statements reconcile to the audited returns given the importance of accurate college

returns and the need for transparency in terms of colleges' use of student support funds. Where discrepancies are identified, these will be followed up with colleges by SFC staff.

## Areas of risk and audit considerations - bursaries

Risk area	Systems/procedural requirements	Audit consideration
1. Funding received from SFC is incorrectly recorded in the college ledgers.	<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>Review and test college procedures for recording income received.</p> <p>Reconcile total allocations per returns to agreement with SFC.</p>
2. Bursaries are paid to students who do not meet the eligibility criteria.	<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>Eligibility criteria for each student category are listed in national bursary policy document.</p> <p>Review procedures, document internal controls present and sample check a number of students to test internal controls and confirm eligibility of students.</p>
3. Care Experienced bursaries are paid to students who do not meet the Care Experienced eligibility criteria.	<p>College should have procedures to examine and retain details of original documents supporting students' claims.</p>	<p>Eligibility criteria for Care-Experienced bursaries are listed in the Bursary Awards Assessment and Advisors Notes documents.</p>

Risk area	Systems/procedural requirements	Audit consideration
	College processes for assessment and payment should include checks to ensure that students being paid have satisfied the eligibility criteria.	Review procedures, document internal controls present and sample check a number of students to test internal controls and confirm eligibility of students.
4. Means testing for students is carried out and applied incorrectly.	College should have procedures for assessing student income, in line with national policy.	Review procedures and sample check a number of students to ensure correct application of criteria.
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.	Review control procedures and carry out sample tests.
6. Bursaries are paid to students for courses which do not meet the eligibility criteria.	College procedures should identify which courses are eligible for bursary.  College process for payment should include checks to ensure that students being paid are on eligible courses.	Eligibility criteria for courses are listed in national bursary policy document.  Review internal procedures and check a sample of payments to ensure that courses attended are eligible.
7. Bursary awards are paid at the wrong rate.	Awards should be paid at rates published in national bursary policy (as adjusted by any means-testing).  College processes for payment should include checks to ensure that the correct rates are used.	Review internal controls that are in place to ensure correct award rates used and check sample of payments to ensure that the correct rates were paid.

Risk area	Systems/procedural requirements	Audit consideration
<p>8. Bursary payments are made to the wrong recipient.</p>	<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 exists over other college payments.</p> <p>Ideally there should be segregation of duties between the officers dealing with bursary approval and those authorising payments.</p>	<p>Review the procedures for the set up and maintenance of student bank records.</p> <p>Review the controls over the bursary payments process.</p> <p>Consideration should be given as to whether there is appropriate segregation of duties in this area.</p>
<p>9. Bursaries are paid to students who have not met the attendance / engagement criteria.</p>	<p>College bursary procedures should include rules for measuring satisfactory attendance / engagement.</p> <p>Procedures 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 due to COVID-19 restrictions.</p>	<p>Review the procedures in place for confirming student attendance / engagement, and for ensuring students who have left the college are no longer paid.</p> <p>Sample check a number of students receiving bursaries to ensure they continue to attend the college and meet the attendance / engagement criteria.</p>

Risk area	Systems/procedural requirements	Audit consideration
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.	Review the reconciliation and investigate any unusual items.
11. Limits specified on total spend on study expense allowances are exceeded and the college has not made provision to fund this from its own resources.	College should have procedures for monitoring study expenses against limit.  If the limit is exceeded the college needs to fund the excess from its own resources.	Review study expense control procedures in place and ensure that study expense allowances paid from student support funds have not exceeded the limit.
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).	Review alternative travel allowances paid and determine whether student has been properly assessed.
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.	Confirm that bursary overspends have been correctly accounted for in the financial statements.

## Areas of risk and audit considerations – discretionary funds and childcare

Risk area	Systems/procedural requirements	Audit consideration
1. Funding received from SFC is incorrectly recorded in the college ledgers.	<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>Review and test college procedures for recording income received.</p> <p>Reconcile total allocations per returns to agreement with SFC.</p>
2. Student support funds are paid to students who do not meet the eligibility criteria.	<p>College should have procedures to examine and retain details of original documents supporting students' claims. Note: SFC has relaxed requirements relating to supporting documentation due to COVID-19 restrictions.</p> <p>College processes for assessment and payment should include checks to ensure that students being paid have satisfied the eligibility criteria.</p>	<p>Eligibility criteria for each student category are discussed in the national policy document.</p> <p>Review procedures and sample check a number of students to test internal controls and confirm eligibility of students.</p>
3. Support fund payments are made to the wrong recipient.	Support fund payments should be subject to the same level of controls as exist over other college payments.	Review the controls over the support fund payments process.

Risk area	Systems/procedural requirements	Audit consideration
	<p>College should have procedures in place for cash and cheque payments to students.</p> <p>College should operate checks over BACS details held for students.</p> <p>Controls should operate over the set-up of new student records to ensure only valid students are recorded.</p> <p>Ideally there should be segregation of duties between the officers dealing with support fund approval and those authorising payments.</p>	<p>Review the procedures for the set up and maintenance of student bank records.</p> <p>Consideration should be given as to whether there is appropriate segregation of duties in this area.</p>
<p>4. Support funds are used for purposes specifically disallowed in the national policy.</p>	<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>	<p>Review the procedures to ensure they clearly identify the nature of expenditure allowed.</p> <p>Check a sample of expenditure items to determine whether these are in compliance with policy guidelines.</p>
<p>5. The amount of Lone Parent Childcare Grant (LPCG) paid in total to an individual student exceeds the annual maximum allowed.</p>	<p>College systems should facilitate monitoring of payments made to individual students.</p>	<p>Review procedures for monitoring payments made to individual students, for adequacy.</p>



Risk area	Systems/procedural requirements	Audit consideration
	Controls should be present to prevent the total amount paid exceeding the maximum allowed in that academic year.	Check for a sample of students, that payments made during the academic year are within the annual limit.
6. 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.	Review the reconciliation and investigate any unusual items.
7. Student support funds are used to fund capital expenditure.	Under the national policy, support funds should not be used for capital purposes. 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.	Review analysis of fund expenditure to identify whether any capital items have been included.
8. Childcare payments are made without due reference to circumstances of applicant.	Colleges should give priority to lone parents, part-time students and mature students when allocating support funds.  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.	Review the college's strategy or approach and consider its adequacy.

