



# SFC Call for information

## University financial statements and returns 2017-18

Issue date: 22 October 2018

Reference: SFC/CI/05/2018

Deadline: 31 December 2018

Summary: This Call for information requests copies of audited 2017-18 financial statements and associated supporting information.

FAO: Principals, Directors of Finance and Governing Body Secretaries of Scotland's universities

Further information:

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## Higher Education Institutions: Financial statements and returns 2017-18

### Purpose

1. I am writing to ask you to send us copies of your audited 2017-18 financial statements and associated supporting information by 31 December 2018.

### 2017-18 financial statements

2. In preparing their annual report and accounts, Higher Education Institutions are required to comply with the Accounts Direction<sup>1</sup> issued on 6 July 2018.
3. The annual accounts review is an established part of the Scottish Funding Council's (SFC) financial health monitoring framework. As with last year's return, SFC will be using the Finance Statistics Return (FSR) submitted to HESA as the basis for our annual accounts review. The FSR is due to be submitted by institutions to HESA on 1 December 2018. Institutions are no longer required to prepare an annual accounts spreadsheet for SFC.
4. However, in accordance with the requirements of the *Financial Memorandum*, we require institutions to send us PDFs or hard copies of the following documents no later than 31 December 2018:
  - A signed copy of the audited financial statements (if these are not yet ready, please provide a copy of the draft accounts and let us know why there has been a delay).
  - Full final management letter and report from your external auditors.
  - Paper to the finance committee which accompanied the financial statements.
  - Subsidiary accounts where applicable.
  - Internal auditor's full final annual report.
  - Audit committee annual report.
  - A commentary to explain the variances shown in the financial statements (see below).
5. If any of your documents are ready prior to 31 December, earlier submission to SFC would be welcomed.
6. Annex A contains a checklist which can be used to ensure the correct documents are submitted.

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<sup>1</sup> [Accounts direction for Scotland's universities 2017-18](#)

7. PDFs should be emailed to: [isg-returns@sfc.ac.uk](mailto:isg-returns@sfc.ac.uk) and hard copies should be sent to Angela Iannetta, Administrative Officer, Scottish Funding Council, Apex 2, 97 Haymarket Terrace, EH12 5HD.

### **Commentary on Financial statements**

8. It is important to our interpretation of the financial statements, to understand the underlying operating performance of the institution and comparison with prior years. The commentary should refer, inter alia, to the following:
  - Explanation of year on year variance (as flagged in Tables 1-3 of the FSR).
  - Description of any material items.
  - Operating performance in the year.
  - Cash generated from operations.

### **Update on operating position**

9. If your institution has recorded any significant deterioration in its financial position since the end of 2017-18, please inform the relevant Senior Financial Analyst within the Finance Directorate as soon as possible and provide a full commentary as to the reasons for the deterioration. A list of the [Senior Analysts and their portfolios](#) can be found on our website.
10. 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.

### **Change to the deadline for the 2019-20 accounts**

11. As set out in the 2017-18 Accounts Direction, we are moving the submission date forward to 1 December for the 2019-20 accounts to bring it into line with the HESA FSR return deadline. The change of date has been agreed with the Scottish Universities Finance Directors Group following the recent consultation.
12. I would be grateful if you could ensure your Committee and Governing Body meeting dates for 2020 take this into account.

## Further information

13. Please contact Claire Taylor, Senior Financial Analyst, Finance (Tel: 0131 313 6604, email: [ctaylor@sfc.ac.uk](mailto:ctaylor@sfc.ac.uk)) or Dorothy Carson, Senior Financial Analyst, Finance (Tel: 0131 313 6607, email: [dcarson@sfc.ac.uk](mailto:dcarson@sfc.ac.uk)) for further information.

A handwritten signature in black ink that reads "L. MacDonald". The signature is written in a cursive style with a large initial 'L'.

**Lorna MacDonald**  
Director of Finance

## Annex A

### Financial statements and returns checklist

Please ensure the following items are submitted to SFC no later than 31 December 2018:

1	A signed copy of the audited financial statements	PDF
2	Management letter and report from external auditor	PDF
3	Paper to finance committee which accompanied the financial statements	PDF
4	Subsidiary accounts (where applicable)	PDF
5	Internal auditor's annual report	PDF
6	Audit committee annual report	PDF
7	Commentary to explain variances	PDF

\* These documents can be sent to SFC in hard copy if preferred.