



Scottish Funding Council Annual Report and Accounts 2019-20

- This paper presents the Council's audited annual report and accounts for the year ended 31 March 2020 (Annex A) and the Council's Letter of Representation to the auditors for approval.
- The external auditors, as part of the assurances that they receive from SFC management will require the Chief Executive to sign a letter of representation on behalf of the board, setting out the representations that management has made to Audit Scotland for the purposes of their audit of the 2019-20 annual accounts. A draft of the letter is attached (Annex B).
- The external auditors have indicated that they will give an unqualified opinion on these accounts. A copy of their draft Annual Report to the Board and the Auditor General for Scotland is attached for information (Annex C).

Recommendations

- Recommend the approval of the letter of representation to allow the Chief Executive to sign it.
- Recommend the approval of the accounts to allow the Chief Executive to sign them.

Financial implications

- There are no financial implications associated with this paper.

Scottish Funding Council Annual Report and Accounts 2019-20

Purpose

1. This paper presents the Council's audited annual report and accounts for the year ended 31 March 2020.

Background

2. The accounts have been prepared in a form directed by the Scottish Ministers in accordance with paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005. The accounts comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual (FRM).

Approval of accounts

3. The accounts will be signed by the Chief Executive following approval from Council.

Key results

4. The draft Statement of Comprehensive Net Expenditure shows:
 - Net expenditure for the year of £1,845 million.
 - Which is funded by the grant-in-aid income credited to tax payers equity of £1,901 million. The excess of income over expenditure is £56 million. The surplus arises predominately as a result of the following:
 - Financial Transactions payments to universities of £60 million are shown in the accounts as debtors not expenditure
 - Other movements in working capital totalling £4 million.
 - Adding that to the tax payers equity brought forward of £65 million produces total tax payers equity at 31 March 2020 of £121 million.
5. Tax payers equity reflects the Council's various assets and liabilities at 31 March 2020, the main components of which are:
 - Loans £114 million
 - Current trade and other receivables of £3 million
 - Cash balances of £5 million
 - Less current liabilities of £1 million.
6. The Council executive understands that Audit Scotland will give an unqualified opinion on the Council's financial statements as at 31 March 2020.

Audit and Compliance Committee

7. At the Audit and Compliance Committee meeting of 7 August 2020, the Committee considered:
 - The draft report and accounts
 - The Council's system of internal control which has been in place during 2019-20
 - The internal audit annual report
 - A draft of the external auditors' Annual Report to the Board and the Auditor General for Scotland.
8. The Committee noted that the Council's financial and other control systems have operated effectively during the year ended 31 March 2020, and agreed to advise the Council accordingly.
9. The Committee agreed to delegate authority to the Chair of the Committee to confirm the committee's recommendation that the Council board approve the annual report and accounts for the year ended 31 March 2020, following receipt of comments from all Council Board members.

Finance Committee

10. At the Finance Committee meeting of 28 May 2020, the Committee considered the draft accounts, including reconciliation to the management accounts.

Equality and diversity assessment

11. No assessment of equal opportunities and diversity has been undertaken for this paper.

Recommendations

12. Council is invited to:
 - Approve the letter of representation to allow the Chief Executive to sign it.
 - Approve the accounts to allow the Chief Executive to sign them.

Financial implications

13. There are no financial implications arising from this paper.

Timing implications

14. Following approval by Council, the accounts will be signed by the Chief Executive and Audit Scotland. The final audited accounts must be sent to the Scottish Government by the end of December 2020.

Public presentation

15. The Scottish Government is responsible for laying the accounts before the Scottish Parliament. The annual report and accounts will be published on our website as soon as possible after the laying of the accounts.

Publication

16. This paper is withheld from publication on the Council website under the Freedom of Information (Scotland) Act 2002, under Section 27 (information intended for future publication).

Further information

17. Contact: Lorna MacDonald, Director of Finance, Tel: 0131 313 6696, email: lornamacdonald@sfc.ac.uk or Fiona O'Neill, Assistant Director, Finance, Tel: 0131 313 6525 or email: foneill@sfc.ac.uk.