

College FES Return and Audit Guidance for AY 2025–26



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SUMMARY:	Guidance to colleges on the completion of their student activity data (FES Return) for Academic Year 2025-26 and audit guidance for that year.
FAO:	Principals, Directors and Board Secretaries of Scotland’s colleges, and the general public.
FURTHER INFORMATION:	EMAIL: funding@sfc.ac.uk

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FES Return for funding purposes and Audit Guidance for colleges AY 2025–26

Introduction

1. Colleges are required to provide a Further Education Statistics (FES) return, a college certificate, an audit certificate and an audit report. The 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) 2025-26 will be generated by the college management information systems and returned to the Scottish Funding Council (SFC) via FES ONLINE. These data returns should relate to all activity that is fundable by SFC in AY 2025-26.
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. SFC will accept signed electronic documents for the college certificate, audit certificate, and audit report. Please send these as separate attachments to datareturns@sfc.ac.uk.

Return	Description	Latest return date	Reference
FES	AY 2025-26 session return.	2 October 2026	FES guidance for AY 2025-26 and this guidance.
College certificate	Signed 'Credits claimed' certificate for 2025-26 signed by the college Principal after verification of the 2025-26 FES return.	2 October 2026	Annex A to this letter.
Audit certificate	Audit certificate to the Board of Management on the FES data for 2025-26.	2 October 2026	Annex B to this letter.
Audit report	Full report on issues identified by the auditors for 2025-26, completed by your auditors.	2 October 2026	This guidance (paragraphs 8 to 15).

Return	Description	Latest return date	Reference
Special circumstances	Details of any extraordinary event or circumstance, prepared by the college, which has impacted upon activity levels.	2 October 2026	This guidance (paragraphs 6 and 7).

College certificate

- This is for signature by the college principal, after verification of the 2025-26 FES return, which should be completed with reference to [SFC's Credit Guidance for AY 2025-26](#). 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

- As a standard condition of funding associated with the [College Final Funding Allocations for AY 2025-26](#), if a college (or Regional Strategic Body) does not deliver activity in support of the Outcome Framework, or provide the assurances required under the Assurance Model, or does not meet any other conditions of grant, SFC will consider the recovery of grant and/or reductions in future funding.
- Please therefore advise us before **2 October 2026** 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

- 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.
- 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 **2 October 2026**.

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 **2 October 2026**.
11. College management should ensure that auditors complete their reviews in time for SFC to receive the audit certificate and report by **2 October 2026**. 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 2025-26 student activity data in the [FES guidance](#) issued on 27 May 2025.
17. The [Credit Guidance](#) outlines the eligibility criteria for claiming credits in AY 2025-26.

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 appropriate, to check college returns against external data, such as information from Qualifications Scotland and Student Awards Agency Scotland (SAAS).
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. Based on previous auditors' reports, common areas of weakness are:
 - 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.

- Incorrect calculation of credit values, particularly in relation to:
 - Infill students.
 - Claims for non-Scottish UK students (note 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. For Price Group 5 we expect this to include evidence of the requirement for additional support and resource from the college.

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. Email: datareturns@sfc.ac.uk.

Credit guidance

30. Email: funding@sfc.ac.uk.

Audit matters

31. Email: ifh@sfc.ac.uk.

Helen Cross

Director of Investment and Research

Annex A

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 2025-26.

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
Total Credits		

College name:

College Principal's signature:

Date:

Please return your completed form to:

SFC Data Returns - email: datareturns@sfc.ac.uk – by **2 October 2026**

Annex B

Format for credits audit certificate for AY 2025-26

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 13 June 2025 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 2025-26 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) by **2 October 2026**

Annex C

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 2025-26 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: Fee Waiver Policy AY 2025-26 .

Risk area	System requirements / expected controls
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.
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.