

Matters arising

Purpose

- 1 To update the Committee on matters arising from the minutes of the previous meeting not addressed elsewhere on the agenda (Annex 1).
- 2 To also update the Committee on the Audit Scotland Annual Audit Report 2018/19 Recommendations and SFC's actions in response to those recommendations (Annex 2).

Publication

- 3 This paper will be published on the Council website in edited format, as it contains information which will be withheld under the Freedom of information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

Recommendation

- 4 The Committee is invited to note the matters arising reported.

Financial implications

- 5 There are no programme fund or running cost implications arising from this paper that are not already allowed for in the Council's programme fund or running cost budgets.

Further information

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Audit & Compliance Committee actions

Date	Minute	Action	Owner	Comment
7 June 2018	18/21 SFC's Risk Register (ACC/18/14)	In discussion the Committee agreed that: <ul style="list-style-type: none"> The Council executive would consider ways that individual committees could consider risk in relation to their remits. 	Martin Fairbairn/ Richard Hancock	Ongoing: In parallel with creation of the new committee, the Council executive is in the process of replicating the approach used by the Finance Committee to risk across all other Council committees.
7 June 2018	18/24 Scottish Government's Audit and Assurance Committee Handbook (ACC/18/17)	The Committee agreed that: <ul style="list-style-type: none"> GDPR training be provided for Council members. 	Richard Hancock	Ongoing: This is being included as part of the revised member development arrangements.
11 December 2018	18/42 SFC's Assurance Framework (ACC/18/29)	The Committee agreed that the updated Framework would be provided to the March 2019 Committee meeting to allow members to assess the levels of assurance.	Martin Fairbairn	It was planned to present the updated Assurance Framework at this meeting, to take account of SFC's new Strategic Framework. However, because of staff availability it has been necessary to postpone this item.
27 March 2019	19/12 Audit Scotland National Report: Scotland's Colleges 2018 update (ACC/19/09)	The Committee agreed that the actions would be updated to include timescales. Future updates would be provided at each meeting, incorporated into the Committee's matters arising report.	Andrew Millar	Complete. See Annexes 3 to 5. Annex 5 is a copy of a letter which has recently been provided to the Public Audit & Post-Legislative Scrutiny Committee in relation to Audit Scotland's report on university finances.
27 March 2019	19/13 Follow up of internal audit recommendations (ACC/19/10)	The Committee agreed that revised timelines would be provided for the implementation dates of recommendations in future versions of the update.	Steve Keightley	Ongoing.
13 June 2019	19/24 Audit and Compliance Committee	The Committee agreed that: <ul style="list-style-type: none"> External audit key 	Audit	Ongoing. Next report –

Date	Minute	Action	Owner	Comment
	draft annual report (ACC/19/17)	performance indicators would be specified in future external audit reports.	Scotland	June 2020
3 September 2019	19/46 Matters arising (ACC/19/33)	The Committee noted the actions taken since the previous meeting and agreed that the report on the Audit Authority's audit of SFC's European Social Funds programmes would be presented to the December Committee meeting.	Gavin Bruce	Complete. The Audit Authority's report has been delayed. This item is on the agenda of the March 2020 meeting.
3 September 2019	19/55 Future internal audit arrangements (ACC/19/42)	The Committee agreed to approve further engagement with the Scottish Enterprise Chief Internal Auditor.	Martin Fairbairn	Complete. On agenda for this meeting.

Audit Scotland Annual Audit Report 2018/19 Recommendations

Recommendation	Management response and Action	Owner	Comment
<p>1. SFC should review its timetable and arrangements for preparation, submission to audit and approval of its annual report and accounts to ensure they are achievable.</p>	<p>Agreed.</p> <p>Audit timetable will be updated.</p> <p>Audit and Compliance Committee and Council meetings moved forward to reduce pressure on tight timeline.</p>	<p>Lorna MacDonald</p>	<p>Complete. Timetables have been revised.</p>
<p>2. Officers should review the accounting treatment of financial transactions funded loans to ensure it remains appropriate.</p>	<p>The accounting policy will be reviewed annually.</p> <p>The accounting policy will be considered by the Audit and Compliance Committee in advance of the year end.</p>	<p>Lorna MacDonald</p>	<p>Complete. On agenda for this meeting.</p>
<p>3. Management should carry out an annual assessment of the accounting treatment of ESF funding to ensure it is in accordance with the FReM.</p>	<p>The accounting policy will be reviewed annually.</p> <p>The accounting policy will be considered by the Audit and Compliance Committee in advance of the year end.</p>	<p>Lorna MacDonald</p>	<p>Complete. On agenda for this meeting.</p>
<p>4. SFC should work to complete medium to longer-term financial plans which measure the likely impact of major developments affecting the higher and further education sectors. These plans should be linked closely to the objectives set out in its new Strategic Framework.</p>	<p>Agreed. The upcoming Spending Review provides the platform to take this forward.</p> <p>This will be taken forward on the back of the Comprehensive Spending Review considerations.</p>	<p>Lorna MacDonald</p>	<p>Complete. The impact of different spending review scenarios was incorporated in SFC's spending review advice. We have also provided planning assumptions to colleges and universities.</p>

Recommendation	Management response and Action	Owner	Comment
<p>5. SFC should consider the content of its 2019/20 performance report to ensure it provides users of the annual report and accounts with a more understandable analysis of its performance.</p>	<p>Agreed.</p> <p>The Foreword of the 2018-19 annual report and accounts was revised. We are currently developing a broader annual review document.</p>	<p>Martin Fairbairn</p>	<p>Our 2019-20 'Progress and ambitions' reports were published in December 2019.</p> <p>Planning is underway for revision of the 2019-20 financial statements performance report</p>

Audit Scotland Report on Scotland's Colleges 2018: Update on implementation of recommendations

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
<i>The Scottish Government and the SFC should:</i>					
Publish the criteria within the Infrastructure Strategy for prioritising capital investment in the college sector	The Funding Council's Capital Decision Point Committee has developed a Capital Projects Prioritisation Framework and will be consulting on this with Colleges Scotland next week.	The framework has been further refined and we intend to publish it in the SFC annual business plan, as part of the new Strategic Plan.	The criteria for prioritisation now forms part of our medium-term capital estate strategy, which CDPC is discussing on 21st August.	The CPDC met on 21 st August and discussed the medium term capital estate strategy. The aim in part one of the strategy was to progress to shovel-ready state the main priority campuses, those in the worst condition and with the highest backlog need. The Committee agreed there should be three overriding questions for any potential strategic projects. Firstly what is the economic impact of what is being progressed? Secondly why does it require SFC	It is planned to publish medium-term capital estate strategy before the end of March 2020.

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
				intervention? And thirdly why does it need to be progressed by that particular college? These questions would sit above the evaluation checklist in part two of the strategy.	
Work with colleges to examine why the attainment gap between students from deprived areas and the wider student population is growing and identify actions to further reduce the gap	The Scottish Funding Council is addressing this particular recommendation through its college Outcome Agreements (OA) which support the ambition to intensify efforts to improve retention and attainment. Through the new quality arrangements which are integrated within the OA process, colleges have been set stretching targets for improvement which will be monitored by the Funding Council	As previously reported, this area is primarily being addressed through the outcome agreement negotiations. It is planned to finalise the 2019-20 outcome agreements over the next two months.	The attainment gap for this group of students will be reported on in the Outcome Agreement self-evaluation and Outcome teams, working with individual colleges, will monitor and evaluate progress to gain evidence on progress.	Colleges submitted their self-evaluations in October and were asked to comment specifically on this aspect. These evaluations which are being used by the outcome agreement team in negotiating new outcome agreement which are due to be submitted to SFC on 13 th December.	Discussions are currently taking place between outcome agreement teams and colleges on the finalisation of the next set of outcome agreements.

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
	<p>both at college and at sector level.</p> <p>Colleges are also asked to provide an annual Evaluative Report and Enhancement Plan which cover progress and planned improvements to retention and attainment, allowing us to challenge and support practice in this area. In colleges where there are issues with success, addressing this will be a part of the Enhancement Plan.</p>				
Assess and report publicly on the extent to which the regional strategic bodies are meeting the aims of	The Funding Council recognises that it has a duty to assess and enhance the performance of RSBs. We are currently in discussion with Scottish Government before finalising the scope of	We are planning to ask each RSB to report, through a self-evaluation questionnaire, on its effectiveness in meeting its core statutory duties and wider	Each RSB has provided a self-evaluation questionnaire. These are currently being reviewed by the Council Executive.	Meetings are being were held with each RSB in September and SFC is currently drafting reports for each RSB.	Following further meetings with key stakeholders, the individual and overview reports are currently being finalised.

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
regionalisation in multi-college regions	and method for the assessment process. In the meantime, we will continue to work with RSBs to support their development.	regionalisation aims. Meetings will be arranged with each RSB, following submission of the self-evaluation, involving representatives from the Board, senior management team, assigned colleges and other key stakeholders, to consider the outcomes of that exercise in more detail. We will also report to Scottish Government following the meetings with all three RSBs.			
<i>The SFC should:</i>					
Revise its accounts direction to ensure	To address the question of consistency, the 2017-18 accounts direction,	No further update required.	No further update required.	The accounts direction for 2018-19 included guidance for colleges in calculating the	No further update required.

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
colleges calculate their underlying financial position consistently	issued by the Funding Council on 13 July 2018, included guidance for colleges in calculating the underlying operating position.			underlying operating position.	
Progress its work with colleges to improve common assumptions for future financial forecasting returns, including clarifying when departing from assumptions would be justified	Following consultation with sector representatives, we provided more detailed guidance than in previous years on the assumptions that colleges should use in their 2018 forecasts.	No further update required.	No Further update required.	We provided more detailed guidance than in previous years on the assumptions that colleges should use in their 2019 forecasts.	No Further update required.
Determine what other actions are	We are addressing this recommendation through the Outcome	We published our annual progress report on the GAP in	The work outlined in March 2019 is ongoing with an	The event for 1 st October went ahead as scheduled and sector	The conference took place in January 2020. An update report is

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
required to tackle the greatest gender imbalances in subjects to deliver its gender action plan	Agreement process, with OAs showing an increased commitment to measures identified in the Gender Action Plan (GAP). To support this process, the Funding Council has this year visited six institutions to discuss how the GAP is being implemented and governed. These visits will continue over the next few years with the intention that all college and university regions will be visited. These visits have identified good practice and areas of improvement, both of which will be reported in the Funding Council’s forthcoming progress report on implementation of the GAP. Furthermore, the	February 2019. It outlines what we did in 2018 as well as the key actions we will take in 2019 to tackle the greatest imbalances: <ul style="list-style-type: none"> • Pushing for clearer and more focused outcomes from all institutions through Outcome Agreements, including a more detailed analysis of success rates and retention rates by institution by subject. • Building the evidence base for effective action through more in depth 	event to share good practice scheduled for 1 October. This is for all leads of institutional gender action plans.	representatives were able to share good practice. A gender conference is scheduled for January 2020.	currently planned for the Council board before summer 2020.

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
	<p>Funding Council is running a sectoral event on 25 October to discuss progress to date, to share best practice and to consider how the sector can work together to deliver the GAP. The next annual progress report on the GAP will be published in November.</p>	<p>discussions with institutions, and developing an evaluation framework.</p> <ul style="list-style-type: none"> • Sharing good practice where we find it. • Working with individual institutions on retention and success rates. • Continuing our focus on Gender Based Violence. • Action to improve the gender balance of Boards (largely through our funding for Advance HE). • Assessing our overall approach and the efficacy of 			

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
		the GAP so far, specifically working to ensure join up between different initiatives and policies.			
Agree with regional strategic bodies in multi-college regions the most appropriate way of collecting information on college activities and clarify both why and when it needs to engage with, or collect information from, assigned	The Funding Council is reviewing, alongside RSB partners, how information on college activity is collected. This builds on work with the Scottish Government and the sector to reduce the number of financial returns that colleges are required to submit. At present, colleges within multi-college regions often submit performance data directly to the Funding Council as we have the resources – both staffing and software to	This work is ongoing.	SFC is continuing to work with RSBs to support the development of appropriate data collection arrangements. The level of direct contact with assigned colleges is reducing and increasingly the engagement is with the RSBs. There are a few areas where assigned colleges will continue to report jointly to SFC and their RSB because of practical	Performance data is now published at regional level though systems dictate some continuing engagement at individual college level for data collection. Part of the RSB review concerns the respective roles of SFC and RSB's in the collection of performance and financial data and our respective roles.	Although there is an element of ongoing work on performance data (see the previous column) this action is essentially complete. Also as noted in the previous column, the RSB review exercise will address broader aspects.

Recommendation	Update as reported in ACC/18/31	Update – March 2019	Update – August 2019	Update – December 2019	Update – March 2020
colleges	<p>allow for the most cost effective and efficient analysis of the data. This also ensures that more funding can be allocated to frontline teaching activity within the multi-college region. However, where practicable and economical we will collate a regional response rather than a college-level one. Examples include data on the Flexible Workforce Development Fund and expansion of Early Learning & Childcare targets.</p>		<p>considerations e.g. cash flow returns submission where there are time pressures.</p>		

Audit Scotland Report on Scotland's Colleges 2019: Responses to recommendations

Recommendation	Response – August 2019	Update – December 2019	Update – March 2020
<i>The SFC should:</i>			
Work with colleges to agree their underlying financial position prior to finalising their accounts	The 2018-19 Further Education accounts direction asks colleges to submit the underlying calculation, together with draft accounts, to SFC for review prior to the accounts being signed off. This will ensure correct completion of the underlying calculation and consistency across the sector.	Underlying financial position calculations are currently being reviewed by SFC analysts prior to sign off of college accounts.	Complete.
Require colleges to submit medium-term financial plans to support FFRs in assessing financial sustainability across the sector	The 2019 Financial Forecast Return Call for Information, published on 21 June 2019, asked colleges to submit a medium-term financial forecast return for the period 2018-19 to 2023-24. The Call for Information, which includes indicative assumptions to assist colleges in their financial planning, also asks colleges to provide a detailed commentary with the return explaining the necessary mitigating actions being taken by colleges to ensure their financial sustainability. Colleges are asked to provide a full description of their	Financial Forecast Returns have been received from colleges and the sector position was reported to the Finance Committee in November.	Complete.

	<p>plans including an explanation of how elements of the strategic plan, human resource management strategy and estates strategy are reflected in the forecasts, and how these developments are to be financed. Colleges have been asked to submit 2019 Financial Forecast Returns to SFC by 27 September 2019.</p>		
<p>Publish college region performance against all outcome agreement measures</p>	<p>As we understand it from paragraph 44, this recommendation is primarily about the way that SFC publishes the data on success rates. While we do publish the data on performance in our performance indicator publication, we do not currently publish the figures alongside the targets in the Progress and Ambitions document. We have chosen this way of publishing the data in order to reduce the extent to which colleges might set very conservative targets. We are considering – with Government, the sector and Education Scotland – how we improve success rates in colleges that are beneath the level of the best one. As part of that work we will consider the effect of publishing the data</p>	<p>Complete</p>	<p>No further update required.</p>

	differently.		
Publish good-quality student satisfaction data for every college	<p>SFC produce a range of Official and National Statistics and our aim is to provide statistics that are trustworthy, good quality and of public value, in line with the UK Statistics Authority Code of Practice. The student satisfaction survey is a recent addition to our suite of publications, 2017-18 being the third time we have carried out the survey. The survey response rates were extremely variable across the college sector and as a result we published sector wide information for full-time Further Education and full-time Higher Education and for those colleges with a response rate of 50% or more. We have worked with the sector to improve response rates. We published our guidance for the 2018-19 survey in December 2018 and we ran a successful workshop in February 2019 to share best practice and focus on improving response rates. We have been clear with the sector that there is a need to improve response rates and that we fully intend to publish the results by College for full-</p>	This information for 2018-19 Full-time students was published in October.	No further update required.

	time students later this year.		
<i>The SFC and Scottish Government should:</i>			
Agree and publish a medium-term capital investment strategy that sets out sector-wide priorities	<p>The remit of the Infrastructure Commission encompasses the college sector. We have provided initial evidence to the Commission¹. Key points were:</p> <ul style="list-style-type: none"> • The scale of remedial investment required in colleges was estimated at £380M in 2017. • This provides a challenge to our current resources and ways of working; and an opportunity to develop more imaginative, large-scale and strategic solutions over a longer term planning horizon. • We are actively involved in shaping the Scottish Government’s learning estate strategy and will play our part in ensuring our colleges continue to play a role in enabling individuals to flourish, to connect with the 	A medium term college capital estate strategy has been developed and is due to be published early in 2020.	It is planned to publish medium-term capital estate strategy before the end of March 2020.

¹ <http://links.sfc.ac.uk/livelink/livelink.exe/Open/253536864>

	<p>needs of our workforce for the future, to enhance local neighbourhoods, and to invest with wider economic and social impact.</p> <p>We are now developing a medium-term college capital estate strategy which will set out our main priorities for college capital investment in the next 5 to 10 years and this will be used as our main input to inform the work of the Commission. It is being discussed by CDPC on 21st August.</p>		
<p>Review whether targets for college provision and student outcomes, including for students from deprived areas, remain relevant and realistic, based on current performance trends</p>	<p>We review the targets and measures in our outcome agreement guidance each year. The current success rate targets are stretching for many institutions and it is likely that many colleges will not meet their current targets. We recognise that further work will need to be done to bring some colleges up to the level of the higher performing ones that are meeting the current targets. In our consideration of what level of target we should seek in future outcome agreements we decided it was better to maintain the current overall</p>	<ul style="list-style-type: none"> • The College Quality Arrangements Steering Group (CQASG), established in May 2016, led to the development of a new quality assurance framework (How good is our college?) and requirement of colleges to produce an annual self-evaluation report, the Evaluative Report and Enhancement Plan (EREP) • Between AYs 2016-17 and 2017-18 the new quality arrangements reporting 	<p>See previous column.</p>

	aspiration and seek better progress rather than seek less ambitious targets.	requirements were introduced and consolidated and resulted in the annual submission (in October 2017 and 2018 respectively) and publication of endorsed EREPs for each college/region.	
Work with colleges to deliver the necessary improvements in performance to meet agreed outcome agreement targets	We recognise the importance of significant improvement in success rates in some colleges. SFC recently convened a meeting with Education Scotland, the sector, the Government (which has been running an improvement project with some colleges on success rates) and the College Development Network (CDN) to better align our work in this area. We agreed to establish a College Quality Strategic Leadership Group to drive greater alignment of the outcome agreements, the analysis and support from Education Scotland (which is closely related to the agreements) the Government's improvement work and the support that CDN provides to the sector.	<ul style="list-style-type: none"> Refreshed EREPs were not required for October 2019, instead SFC and ES are in the process of carrying out a series of Progress Visits (PV) to each college to provide external evaluation of progress being against actions for improvement within the college EP. <p>Following a PV, a written report containing a statement regarding progress made against Enhancement Plan targets will be provided to the college and shared with the Board. ES will produce a summary report for SFC on completion of all college PVs later in 2020.</p>	

Audit Scotland Report on Finances of Scottish universities: response to the Public Audit & Post-legislative Scrutiny Committee – 21 February 2020

Thank you for your letter of 3 February 2020 in which you invited the Scottish Funding Council to respond to a number of matters arising from the Committee's consideration of the Audit Scotland report "Finances of Scottish Universities". Let me take each in turn.

Targets for all outcome measures

The report recommended that we specify targets for all outcome agreement measures for each university, where possible and appropriate. At the time of the report's preparation we were already taking steps to achieve more comprehensive coverage. We have since agreed targets for all outcome agreement measures across all universities for academic year 2019-20, except for a very small number for specific reasons.

Related to the setting of outcome agreement measures, Audit Scotland rightly pointed out the importance of further developing our existing reporting to include individual university performance against outcome agreement measures, together with the action taken where a target is not achieved. It is important for individual universities and SFC to review both performance against specific targets and progress against the underlying outcomes. There should also be clear and agreed outputs from such review activity in the form of action for either further enhancement or, ultimately, recovery of funding.

Although this is consistent with our existing guidance on achievement of outcome agreement priorities, we are increasing our focus on this area, in line with our statutory function to enhance the quality of further and higher education. Specifically, in our reporting arrangements from 2020 onwards we will include individual university performance against outcome agreement measures and descriptions of consequential sector-wide enhancement activity. The whole outcome agreement process is likely to be reviewed during 2020, in conjunction with a range of stakeholders.

We also agree that it is important that both we and universities are clear about how we deal with situations where expectations have not been met, including potential impacts on funding decisions. In 2015 we set out a broad framework for Outcome Agreements which provided a comprehensive description of:

- The background to agreeing outcomes with universities.
- How SFC monitors progress towards the achievement of outcomes.
- How SFC applies in practice the principles set out in the document.

This supports the four types of action which SFC may take:

- Establishing an improvement plan in relation to specific areas of under-delivery with no impact on funding.
- Reducing funding in future years commensurate to the level of under-delivery.
- Applying funding recovery.
- Applying a penalty where it is necessary.

While guidance is updated every year to reflect new priorities, the underlying principles set out previously continue to apply.

Analysis of the financial health of universities

Audit Scotland noted that we already publish an annual summary of the financial position of the sector based on the audited accounts, with a commentary on the sector's income profile, operating position, balance sheet performance and the key risks to financial sustainability. Audit Scotland encouraged us to publish a more detailed summary of our financial analysis, similar to that published by the Office for Students in England.

Our report of the sector's 2017-18 financial position, published in 2019, provided a more detailed analysis in comparison to the previous version. Building on that, we published a new report on 11 February 2020 summarising the financial sustainability of the university and college sectors, based on our analysis of 2019 forecast returns. The level of detail contained in this report, a copy of which is enclosed, is consistent with that contained in the Office for Students publication.

The Audit Scotland report noted that the financial climate facing universities is increasingly challenging and that consequently there is a need for greater scrutiny of long-term financial strategies and for development of our internal guidance to ensure our support is best-targeted. We will therefore require universities to provide long-term financial strategies along with their three-year financial forecasts from 2020 onwards. And our internal guidance for reviewing financial returns will be enhanced with expanded criteria and specific examples of areas that might lead to increased engagement with individual universities.

Payment made to the former principal of the University of Aberdeen

You will probably be aware that we published '*Payment to the former Principal of the University of Aberdeen - A review by the Scottish Funding Council*' on 18 February 2020².

The report examined the actions of the University and the way in which policies and procedures were followed. It specifically considered the University's compliance with the SFC's terms and conditions of grant, including those set out in the University's Outcome Agreement and in the Financial Memorandum that governs all institutions funded by SFC.

We concluded that the University did not fully comply with SFC's terms and conditions of grant and therefore we have required the University to:

- Repay £119,000 to SFC.
- Undertake an externally-facilitated review of its governance procedures and governance culture.

SFC's role in relation to university governance stems from our statutory power to attach conditions to our funding and to require universities to comply with principles of good governance. Universities that receive public funds must meet the terms and conditions set out in accepted offers of grant, Outcome Agreements, and our Financial Memorandum (which also includes adherence to the Scottish Code of Good Higher Education Governance). In the round, these require universities to make best use of public funds and to exercise good governance.

We identify matters which indicate possible breaches of our requirements from a wide range of sources, including annual accounts, audit reports, formal reviews of academic quality, statistical returns, information that comes to our attention as a result of our regular interactions with universities and from correspondence from third parties. (In the case of the payment to the former Principal of the University of Aberdeen, we first identified a possible issue from our review of the University's financial statements.) We also bring together individual pieces of information through a regular case conference process which involves staff from across the organisation. We are also alert to occasions when a pattern of issues might indicate a significant problem, which we would need then address with the institution.

As universities are legally autonomous bodies, we have no direct role or locus in day-to-day organisation management, HR matters and whistle-blower complaints. Our

² The report is available from SFC's website here: <http://www.sfc.ac.uk/publications-statistics/corporate-publications/2020/SFCCP032020.aspx>

role is to obtain assurance that appropriate processes are in place to meet the criteria set out in the Financial Memorandum.

Glasgow Caledonian University New York campus

SFC's core funding for universities contributes to the cost of high quality learning and teaching, and funds academic, administrative, technical and support staff. It also funds facilities, accommodation, equipment and materials. Only the teaching of Scottish and EU students is eligible for SFC funding. The amount of SFC's teaching grant is not affected by levels of income generated from other sources, other than tuition fees paid to institutions for these same students (mainly by the Student Awards Agency for Scotland (SAAS)).

Glasgow Caledonian University's 2018-19 financial statements show total income of £124 million, which includes SFC grant funding of £68 million and tuition fee income from Scottish/EU students of £25 million (the majority of this comes from SAAS). This leaves £31 million of other income to support the University's expenditure. SFC has received assurances from the University that SFC grant is not used to support the costs of its New York subsidiary. The detailed cost information which is collected and analysed for all Scottish universities also shows that SFC's funding for the University's teaching broadly matches its cost of teaching Scottish and EU students.

I hope you find this helpful in describing the progress being made to address the recommendations contained in the Audit Scotland Report. I am happy to provide further information or to discuss these matters with the Committee.