

## **Audit and Compliance Committee minutes**

The forty-ninth meeting of the Audit and Compliance Committee of the Scottish Funding Council was held on Tuesday 6 March 2018, 9.30am, at Apex 1, 99 Haymarket Terrace, Edinburgh.

**Present:** David Alexander (Chair)  
Paul Little (items 18/09 to 18/16)  
Keith Nicholson (by teleconference)  
Caroline Stuart (by teleconference)

**Officers:** John Kemp  
Martin Fairbairn (Secretary)  
Sheila Meehan (Clerk)  
Callum Morrison  
Fiona O'Neill

**In attendance:** Rachel Wynne (Scott Moncrieff) (items 18/03 to 18/16)  
Gordon Smail (Audit Scotland)  
Tom Reid (Audit Scotland)  
Pamela Morrison (Audit Scotland) (items 18/03 to 18/16)

**Apologies:** Chris Brown (Scott Moncrieff)  
Elizabeth Young (Scott Moncrieff)

### **18/01 Welcome**

The Chair welcomed Gordon Smail and Tom Reid of Audit Scotland, members and officers to the meeting.

### **18/02 Chair's business: Papers for discussion and declarations of interest**

The Chair reminded members, and those in attendance, of their responsibility to indicate if they have, or may be perceived to have, a conflict of interest under any item.

The following declarations of interest were made:

- David Alexander – West College Scotland.
- Audit Scotland – Edinburgh College, Dundee and Angus College.
- Scott Moncrieff – Audit clients: Ayrshire College, Borders College, City of Glasgow College, Dumfries and Galloway College, Dundee University, Edinburgh College, Forth Valley College, Glasgow Clyde College, Glasgow Colleges Regional Board, Glasgow Kelvin College, Napier University, Royal Conservatoire of Scotland, South Lanarkshire College, University of West of Scotland, West College Scotland and West Lothian College.

The Committee noted that it was each attendee's personal responsibility to inform the Committee of any conflict at any point during the meeting and, if appropriate, to absent themselves for that part of the meeting.

**18/03 Minutes of the meeting of the Committee held on 12 December 2017 (ACC/17/Min04)**

The minutes of the 12 December 2017 meeting were approved as a true record of the meeting.

**18/04 Matters arising (ACC/18/01)**

The Committee noted the actions taken since the previous meeting.

The Committee noted that SFC's risk appetite was being built into the risk management process and would be depicted within future iterations of the risk register.

**18/05 SFC's Risk Register (ACC/18/02)**

The Committee received the latest version of SFC's Risk Register.

**18/06 Whistleblowing and fraud annual update (ACC/18/03)**

The Committee considered a paper providing an annual update on whistleblowing and fraud.

**18/07 Review of accounting policies (ACC/18/04)**

The Committee considered a paper updating on SFC's accounting policies to be applied in preparation of the 2017/18 Statement of Accounts.

In discussion the Committee noted that:

- Audit Scotland would contact its partner bodies in other parts of the UK to obtain an understanding of the approach taken in relation to the treatment of Financial Transactions.
- The Council executive was in discussion with Scottish Government on the nature of secondment contracts and registering for VAT.

**18/08 Review of SFC's Information Management Framework (ACC/18/05)**

The Committee considered a paper providing the latest version of SFC's Information Management Framework.

The Committee noted that:

- The process for certification for Cyber Essentials was being progressed.
- Subject access requests already took place under existing data protection regulations but there was a risk that requests would increase under the new General Data Protection Regulation (GDPR).
- SFC's internal policies were to be reviewed in coming months, to ensure that GDPR requirements were met.

The Committee **agreed** that it had gained assurance that progress was being made in relation to compliance with GDPR requirements.

The Committee also **agreed** that the review schedule for SFC's internal GDPR-related policies be provided to the June 2018 Committee meeting.

**18/09 Update on preparations for General Data Protection Regulation (ACC/18/06)**

The Committee considered a paper providing SFC's General Data Protection Regulation Project Plan.

In discussion the Committee noted that:

- Data audit and mapping would take place, with records of processing being included, where appropriate and where there was no risk to security in their inclusion.
- Using legislative grounds instead of consent would be considered, and the current process updated as necessary to ensure compliance.

The Committee confirmed that it had received assurance on SFC's process around GDPR from the comprehensive information provided in the paper.

The Committee **agreed** to recommend that GDPR be added to the Risk Register.

**18/10 SFC's Strategic Funds (ACC/18/07)**

The Committee received a paper providing information on SFC's Strategic Funds.

In discussion the Committee advised that, as the vast majority of Strategic Funds were already committed, consideration be given to renaming the Strategic Funds or segmenting the funds presentationally to be clear on the actual available funds.

**18/11 Annual Audit plan (ACC/18/08)**

The Committee received a paper providing Audit Scotland's Annual Audit Plan for year ended 31 March 2018.

In discussion the Committee noted:

- The risks and planned work noted in the Audit Plan.
- That Audit Scotland would work in tandem with Scott Moncrieff as necessary on aspects of their audit.

**18/12 Internal audit: Follow-up of internal audit recommendations (ACC/18/09)**

The Committee discussed a paper providing a follow up of internal audit recommendations.

The Committee **agreed** that, if the implementation date of high level risks needed to be amended, approval would be sought from the Audit and Compliance Committee for the revised timeline.

**18/13 Internal audit reports (ACC/18/10)**

The Committee received and discussed the Internal Audit Plan Progress Report.

The Committee **agreed** that future versions of the Progress Report should depict the full number of planned days undertaken by Scott Moncrieff in providing the internal audit service for the relevant year.

**18/14 Draft internal audit plan 2018-19 (ACC/18/11)**

The Committee received and discussed the draft internal audit plan 2018-19.

In discussion the Committee considered the following:

- Due to the early stage of the Enterprise and Skills Strategic Board, the Stakeholder Engagement audit should be postponed.
- GDPR was high priority and it would be sensible to undertake a baseline audit on the processes around its implementation, possibly combining that with the planned Data security and information governance audit.
- The potential for reducing days for the Health and Safety audit would be considered.
- Any remaining available days could be used for an audit of the Strategic Funds process, if required, with some other areas also being a possibility for review.

The Committee **agreed** that:

- 10 days would be repurposed from Stakeholder Engagement to allow a review of SFC's GDPR implementation (post

25 May 2018) and to support further areas of internal audit review should any audit days remain.

- The Council executive would agree the precise details of the changes to the internal audit plan coverage with the internal auditors.

**18/15 Long-term agenda planning (ACC/18/12)**

The Committee received and noted the long-term agenda paper outlining the substantive agenda items proposed for future meetings.

The Committee **agreed** that:

- An update paper on progress with GDPR implementation be presented to the June 2018 Committee meeting.
- The Annual External Audit Plan be brought forward to December from March in the future.

**18/16 Next meeting**

7 June 2018, 9.30am.