

Audit and Compliance Committee minutes

The sixty-second meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Thursday, 3 March at 10.00am by videoconference.

Present: David Alexander (Chair)
Caroline Stuart
Sheila Duncan

In attendance: Chris Brown (Secretary)
Karen Watt (Chief Executive)
Emma Pantel (item 22/06)
Fiona O'Neill
Sybille Rush (Clerk)
Tiffany Ritchie
Gordon Smail (Audit Scotland)
Tom Reid (Audit Scotland)
Alan Browne (Internal Audit - Scottish Enterprise)

Apologies: Andy Kerr

22/01 Welcome

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

22/02 Chair's business: 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:

- Caroline Stuart – Dumfries and Galloway College
- Audit Scotland – Edinburgh College, Dundee and Angus 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.

22/03 Minutes of the meeting of the Committee held on 14 December 2021 (ACC/21/Min03)

The Committee **agreed** that the minutes of the 14 December 2021 were a true record of the meeting.

22/04 Matters arising (ACC/22/01)

The Committee **noted** the actions taken since the previous meeting.

This paper is 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.

1 x {} paragraph

22/05 Risk Register and Risk Management Strategy (ACC/22/02)

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10 x {} paragraphs

22/06 Freedom of Information – annual update 2021 (ACC/22/03)

The Committee **noted** a paper providing an update on Freedom of Information requests in 2021.

The Committee **was informed** that SFC had seen a downturn in FOI requests since the beginning of the Covid-19 pandemic. The Committee also **noted** SFC's proactive approach to publishing key information on its website.

22/07 SFC's Assurance Framework (ACC/22/04)

The Committee **noted** SFC's current Assurance Framework.

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3 x {} paragraphs

22/08 Whistleblowing and fraud – annual update 2021 (ACC/22/05)

The Committee **noted** the annual update on whistleblowing and fraud.

The Committee **was informed** that there had been no instances of whistleblowing or fraud and no changes to any of the supporting policies.

22/09 Review of SFC’s accounting policies (ACC/22/06)

The Committee **considered** a paper on the review of SFC’s accounting policies.

The Committee **noted** that there were no new accounting policies for the coming year-end audit. The Committee **was informed** that SFC would carry out an annual review on the following two policies:

ESF income

SFC has undertaken a review of whether an accruals policy should be used for ESF income instead of the current cash basis.

The Committee **considered** and **noted** the policies and **noted** that:

- the SFC Finance Committee had discussed the background to accounting for this money on a cash basis due to the ongoing substantial uncertainties around the receipt of ESF income, both in value and timing.
- Audit Scotland had accepted a cash basis for this income, noting this income was not material to the Council’s overall spend.

The Committee **was supportive** of this approach.

Financial instruments

SFC has undertaken a review of whether the loan cost to institutions continues to be a reasonable estimate of the carrying value of loans under IFRS 9, because the amortised cost would not be materially different. SFC considers the carrying value of loans to be the most appropriate policy to adopt.

The Committee **noted** that Audit Scotland was supportive of the approach taken by SFC. The Committee itself **was supportive** of this approach.

22/10 Audit Scotland annual audit plan (ACC/22/07)

22/11 Follow-up of internal audit recommendations (ACC/22/08)

The Committee **noted** a paper with an update on the progress for internal audit recommendations.

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4 x {} paragraphs

22/12 Internal audit reports (ACC/22/09-10)

The Committee **considered** the following reports:

- Distribution of Grant Funding
- Internal Audit Progress Report

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2 x {} paragraphs

22/13 Draft internal audit plan 2022-23 (ACC/22/11)

The Committee **considered** the draft internal audit plan for 2022-23.

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1 x {} paragraph

The Committee **agreed** to the draft internal audit plan 2022-23.

22/14 Annual review of internal audit mission and charter (ACC/22/12)

The Committee received a paper with an update on the internal audit mission and charter which contained no changes from the previous year.

The Committee **agreed** to the internal audit mission and charter.

22/15 Review of draft effectiveness questionnaires (ACC/22/13)

The Committee **considered** the draft effectiveness questionnaires and any changes it wished to make to the document.

The Committee **agreed** that:

- No changes should be made to the effectiveness questionnaires.
- The evaluation should be carried out in time for the Committee's next meeting.

22/16 Annual agenda plan (ACC/22/14)

The Committee **considered** the annual agenda and **agreed** that:

- SFC would discuss with Audit Scotland the timeline of audit plans over the summer.
- SFC would consider the potential for moving the following papers from June to August to allow time for an update on the Audit Scotland Planning for Skills report in June:
 - Annual report on legal and regulatory compliance
 - Information governance annual update
 - Best Value Implementation Plan annual update

22/17 Next meeting

The Committee **agreed** to change the start time of the next meeting on 9 June 2022 to 9.30am.

The Committee also **agreed** that the meetings in June and August would be held virtually.

The Chair recognised the work Gordon Smail had done for the Committee and wished him well for his departure. The Chair also thanked Chris Brown who would depart SFC in mid-April.