

Disclosable in edited form.

Audit and Compliance Committee Meeting Minutes

The 66th meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Friday, 17 February 2023 at 10am at Scottish Enterprise, 99 Haymarket Terrace, Edinburgh.

PRESENT: David Alexander (Chair)
Andy Kerr
Sheila Duncan
Veena O'Halloran

OFFICERS: Alan Browne (Internal Audit - Scottish Enterprise)
Allan Fyfe (Internal Audit – Scottish Enterprise)
Cameron Waddell (External Audit – Mazars) (items 23/01 – 23/12)
Lesley Aitkenhead
Paula Haynes
Richard Maconachie (Secretary)
Steve Keightley
Sybille Rush (Clerk)
Tiffany Ritchie

OBSERVERS: Liz Welch
Susan McKenzie

APOLOGIES: Caroline Stuart
Karen Watt
Martin Boyle
Steve McDonald
Ursula Lodge

23/01 Welcome

The Chair welcomed members and officers to the meeting.

23/02 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 members declared an interest:

- Caroline Stuart, in relation to her position as Chair of Dumfries and Galloway College and as member of the Scottish Police Authority Board.
- Veena O'Halloran, in relation to her role as Special Adviser to the Principal of the University of Strathclyde, and her role in supporting the Committee of Scottish Chairs in its review of the Scottish Code of Higher Education Governance.
- David Alexander, in relation to his role as Principal and Chief Executive at Gateshead College where SFC's external auditor Mazars also covers external audit, and his role as Trustee at the Beamish Museum as of 1 March.

The Chair **asked** the Committee whether members wished to un-star any of the papers previously circulated by correspondence. No items were un-starred.

23/03 Minutes of 8 December 2022 meeting (ACC/22/MIN04)

The Committee **agreed** that the minutes of the 8 December 2022 were a true record of the meeting.

23/04 Matters arising (ACC/23/01)

The Committee **received** a paper providing updates on outstanding actions.

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.

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

{5x paragraphs}

23/05 Risk Management Strategy & Framework Update (ACC/23/02)

The Committee **received** a paper providing a summary of the key changes included in the revised Risk Management Strategy and Framework.

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee was **asked to recommend approval** of the strategy to the SFC Board.

The Chair **welcomed** the work that had gone into the preparation of this paper. The Committee **considered** and **discussed** the paper.

{11x paragraphs}

The Committee **approved** the Risk Management Strategy set out in the paper pending the abovementioned changes/additions.

23/06 Risk Register (ACC/23/03)

The Committee **received** a paper providing an update on SFC's Risk Register.

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee **noted** the key points and **considered** the paper.

{13x paragraphs}

23/07 Audit Actions Progress Update (ACC/23/04)

The Committee **received** a paper providing a summary and progress update on the internal and external audit recommendations and agreed management actions from internal reviews and self-assessments.

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The Committee was asked (i) **to consider** the updates provided in the paper and (ii) **to approve** closure of actions where appropriate.

The Committee **considered** the paper.

{8x paragraphs}

23/08 Accounting Policies Review (ACC/23/05)

The Committee **received** a paper providing an update on SFC's accounting policies to be applied in preparation of the Financial Year 2022-23 Annual Report and Accounts.

The Committee **noted** that SFC had commenced work on the preparation of its annual report and accounts. Members also **noted** that the Committee would receive a draft of this by 31 May 2023.

The Committee **considered** the proposed changes to SFC's accounting policies and **was supportive** of the approach detailed in the paper. The Committee **approved** the accounting policy changes.

Members further **noted** positive feedback from SFC's external auditors on its tailored accounting policies.

23/09 Business Resilience Annual Review (ACC/23/06)

The Committee **received** a paper providing an update on SFC's business resilience arrangements.

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

{1x paragraph}

23/10 Assurance Framework Update (ACC/23/07)

The Committee **received** a paper providing an update on the work which has been completed on SFC's Assurance Framework.

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{1x paragraph}

The Committee **agreed** to move the full annual update on the Assurance Framework to June 2023.

Action: SFC to provide full annual update on the Assurance Framework in June 2023.

23/11 External Audit Annual Audit Plan (oral)

The Committee **received** an oral update on the planning work carried out by Mazars as SFC's new external auditor to prepare the external Annual Audit Plan. The Committee **noted** Mazars' intention to present the Annual Audit Plan to the Committee at its June meeting.

The Committee **noted** that Mazars would follow up on any recommendations made by Audit Scotland as SFC's previous external auditor.

Action: Mazars to provide draft Annual Audit Plan to the Committee at its meeting on 8 June 2023.

23/12 Draft Internal Audit Plan 2023-24 (ACC/23/08)

The Committee **received** the draft Internal Audit Plan for 2023-24.

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee **considered** the draft Annual Internal Audit Plan and **noted** that it remains flexible.

The Committee **approved** the draft Audit Plan.

{3x paragraphs}

23/13 Internal Audit Reports (ACC/23/09-10)

The Committee **noted** internal audit reports as follows:

These papers will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

Internal Audit Progress Report (ACC/23/09)

The Committee **noted** progress on internal audit actions.

Equality, Diversity and Inclusion (ACC/23/10)

The Committee **noted** a paper with the internal auditor's report on Equality, Diversity and Inclusion.

{5x paragraphs}

23/14 Internal Audit Mission and Charter review (ACC/23/11)

The Committee **received** a paper providing an annual review of SFC's Internal Audit Mission and Charter.

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee **noted** that there had been no changes to the Mission and Charter.

{1x paragraph}

23/15 Long-term agenda (ACC/22/54)

The Committee **received** a paper informing members of substantive agenda items proposed for future meetings and **agreed** the long-term agenda.

{1x paragraph}

23/16 Papers by correspondence

Committee self-evaluation questionnaires

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee **noted** that SFC would circulate the questionnaires following the meeting.

Action: SFC to circulate questionnaires to committee members following the meeting.

Carbon Management Plan

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee **asked** for clarity about which SFC committees receive reporting on and had responsibility for (i) carbon/net zero/sustainability and (ii) IT/cyber.

{4x paragraphs}

23/17 Date of next meeting

Members **noted** that the next meeting of the Committee would take place on Friday, 8 June 2023 via video-conference.