

## Audit and Compliance Committee Standing Orders

### Document Control

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<b>Prepared By</b>	Clerk to the Council
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### Version control

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1.1	23-05-2017	Minor re-drafting	Sheila Meehan
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1.6	28.04.2022	Minor re-drafting – changed lead group from ‘Corporate Services’ to ‘Finance Directorate’.	Sybille Rush
1.7	21.03.2023	Minor re-drafting:  (i) changed name of lead group from ‘Finance Directorate’ to ‘Finance and Funding Directorate’  (ii) replaced Chief Operating Officer with Deputy Director Governance as attendees.	Sybille Rush

## Audit and Compliance Committee Standing Orders

### Legislation and background

1. The Further and Higher Education (Scotland) Act 2005 established the Scottish Further and Higher Education Funding Council. Schedule 1 of the Act makes provision for certain administrative and other matters with respect to the Council, including the establishment of committees.
2. Schedule 1 states that:
  - The Council may establish committees for any purposes relating to its functions [section 13].
  - The Council is to determine the composition of its committees, the terms and conditions of committee membership, and the procedure (including any quorum) of its committees [section 14(1)].
  - Any of the committees of the Council may include persons who are not members of the Council [section 14(2)].
  - The Council is to pay to the members of its committees (whether or not they are also members of the Council) such allowances as the Scottish Ministers may determine [section 14(3)].
  - The Council is to keep under review the structure of its committees and the scope of the activities of each [section 14(4)].
3. Schedule 1 also states that the Council may authorise any of its committees to exercise such of its functions to such extent as it may determine [section 15(1)]. Delegated authority for each committee is contained in the remit for each committee as agreed by the Council.
4. At its meeting on 3 October 2005, the Council agreed to establish an Audit Committee. The remit, membership, and standing orders were approved by the Council at its meeting on 10 March 2006. The remit of the Committee is reviewed on an annual basis.
5. An Audit Committee is required under the terms of the Framework Document between the Scottish Government and the Council.

### **Committee membership - general**

6. As set out in the Council's Standing Orders, the membership of a committee will be determined by the Chair of the committee and the Chair of the Council.
7. Council committees must have Council representation. The Chair, who will be determined by the Council, will be a Council member. Other committee members who are not members of the Council will be referred to as "external members"; and the Scottish Government's guidelines for appointing members should be followed in their selection.
8. The Chief Executive, although a member of the Council, will not normally be a member of any committee.
9. A Council member's term of office on a committee will run concurrently with their Council term of office. Each external member will be appointed initially for a period of three years, with the possibility of serving for a further period thereafter.
10. On the expiry of a period of appointment of an external member, that member may be invited to serve for a single further period not exceeding three years. Where appropriate, periods of reappointment will be staggered to ensure some continuity of membership.
11. An external member may, by giving notice in writing to the Chair of the committee, resign as a member of a committee. A Council member may, by giving notice in writing to the Chair of the Council, resign as a member of a committee.
12. If the Chair of the committee and the Chair of the Council are satisfied that a member's attendance at meetings has been unsatisfactory or that the member is otherwise unable or unfit to discharge the functions of a member, they may by giving notice in writing to the member remove that person from the committee.

### **Remit of the Audit and Compliance Committee**

#### **Responsibilities**

13. The Committee will consider the SFC annual accounts and matters relating to the internal operations of the executive, in particular those relating to risk management, corporate governance, internal audit, external audit and compliance with legislation and regulation.

14. The specific duties of the Committee are listed under the headings below:

#### **Effectiveness and financial control**

- Consider SFC's annual financial statements prior to submission to the Council.
- Review the effectiveness of the Council's financial and other control systems.
- Consider the Council's policies on whistle-blowing and fraud and irregularity.
- Monitor the Council's arrangements to secure VFM, whether these are made via internal or external audit or other means.
- Gain assurance through the internal audit process on the evidence used to measure and report on SFC's performance, including from the Performance Report and Outcome Agreement Guidance.

#### **Risk management**

- Consider and advise the Council on the adequacy of the arrangements for the assessment and management of risk in relation to the achievement of SFC objectives, with particular regard to the Council's top-level register of risks.
- The Board monitors the Council executive's management of the top-level register of risks and the Audit and Compliance Committee only need undertake this role if requested by the Board. However, so that the Committee can properly fulfil its remit under the previous bullet point, it will receive a copy of the risk register at each meeting and may review specific risks in detail if it considers that to be necessary.

#### **Internal audit**

- Consider and advise the Council on the annual and longer-term operating plans for internal audit and the resourcing of the internal audit function to deliver these plans.
- Consider and advise the Council on internal audit reports and monitor the implementation of approved recommendations.
- Monitor the effectiveness of internal audit.
- Tendering and appointment of internal audit.

**External audit**

- Consider planned external audit activity.
- Consider and advise the Council on external audit reports and, where appropriate, report to the Council any issues from the external audit of the Council, and any matter that the external auditors bring to the attention of the Committee.
- Monitor the implementation of approved recommendations.
- Monitor the effectiveness of external audit.

**Legal and regulatory compliance**

- Consider and advise the Council on the adequacy of the arrangements for the management of the Council's compliance with legislation and regulation, focusing on data security, freedom of information and health and safety, and covering other aspects as part of the Committee's risk management responsibilities.
- Advise the Board on the financial impact of new accounting policies, changes to the Scottish Public Finance Manual and any new laws and regulations.
- Consider and advise the Council on amendments to the Management Statement and Financial Memorandum between SFC and Scottish Government.

**Other**

- Consider and report to the Council any other matters remitted to the Committee by the Council.

15. The Committee is an advisory body with no executive powers. However, it is authorised by the Council to investigate any activity within its terms of reference, and to seek any information it requires from staff in the conduct of its enquiries. The Committee is authorised to obtain independent professional advice if it considers this necessary. The Committee should be mindful of the cost of such resources.

**Membership of the Audit and Compliance Committee**

16. The Chair of the Audit and Compliance Committee will be a non-executive member (but not the Chair) of the Council. There will be at least two other non-executive members of the Council.

17. The profile of the membership should include experience and expertise in the following fields:
  - Senior financial management/audit.
  - Senior industrial/business management.
  - Current knowledge of good governance and management practice.
  - Current knowledge of the college and/or university sectors.
18. There will also be regard to equalities issues in the membership composition.

### **Proceedings of the Audit and Compliance Committee**

19. The validity of any proceedings of the Committee is not affected by a vacancy in membership or by any defect in the appointment of a member.
20. The secretariat function is provided by the lead group – Finance and Funding Directorate.
21. The catering costs of the Committee are the responsibility of the lead group – Finance and Funding Directorate. Fees and T&S expenses are the responsibility of the Secretariat branch.

### **Quorum**

22. The quorum for an Audit and Compliance Committee meeting is two members.

### **Role of the Chair in Committee meetings**

23. It is the role of the Chair to see that committee business is conducted in an orderly fashion and to ensure that members obtain a fair hearing. Members wishing to speak shall do so through the Chair.
24. The Chair is also responsible for leading the meeting to reach decisions. The Committee will normally make decisions on the basis of agreement by consensus, but where the Chair believes it to be in the interest of the progress of a debate, or where it is proposed and seconded by two members present, the Clerk may be asked to count and record a vote by a show of hands.
25. As set out in the Council's Scheme of Delegation, generally committees are expected to take matters as far as appropriate before making recommendations to the Council. The Chair of the Committee will normally

have responsibility for judging when it is appropriate to make recommendations to Council: where items are routine, they will stay with the Committee until the final stage of decision-making; and where items are novel, unusual or potentially contentious, proposals should be considered by Council at an earlier stage.

### **Collective responsibility**

26. Committee members should be encouraged to express any differing views within the Committee's internal decision-making process. In the event that a member has a reservation regarding a particular decision, they may ask for their dissent to be formally recorded in the minute. Once a decision has been reached, all members should support it.

### **Nomination of a Vice-Chair**

27. The Chair may nominate a Vice-Chair to act as deputy in the absence of the Chair at Committee meetings. This nomination will be subject to the approval of the Committee.

### **Clerk to the Committee**

28. The Clerk to the Committee will advise the Chair on the conduct of Committee business and agenda planning. The Clerk will also advise Committee members on formal matters relating to the Committee.

### **External and internal auditors**

29. The Council's external auditor will receive copies of all papers. Both the external auditor and the internal auditor will have confidential access to the Chair of the Committee.

### **Conflict of interest**

30. All external members are required to complete a register of interests on appointment (Council members complete this form on appointment to the Council) and must notify the Clerk when any changes to this need to be made. Members' registers of interests will be made publicly available on the Scottish Funding Council website.
31. If any member has, or could be perceived to have, an interest in a matter that is being considered by the Committee, then it is their duty to declare that interest at the start of the meeting or as soon as they become aware of it, whether or not that interest has already been recorded in their register of interests. This

declaration will be recorded in the minutes by the Clerk. The member must decide, taking advice from the Chair, whether they should:

- Remain in the meeting and participate fully.
- Remain in the meeting but make no contribution.
- Withdraw from the meeting for the discussion of, and any decision on, the relevant item.

32. The Chair may, in any event, ask a member to leave the meeting if s/he thinks it is appropriate.
33. Whilst individual members have a responsibility to consider their position with regard to conflict of interest, prior to the meeting the Clerk will consider the agenda in the context of the register of members' interests and advise the Chair accordingly.

#### **Attendance at meetings**

34. Meetings will normally be attended by the Chief Executive, in his or her role as Accountable Officer; the Deputy Director Governance; the Head of Internal Audit (HIA) or a representative; and a representative of external audit.
35. In addition, other members of staff of the Council's executive may attend meetings as required for agenda items for which they are presenting information, to be available to respond to questions on matters arising from papers, to hear the debate where the Committee's discussion will inform their work, or as part of their on-going professional development.
36. Attendees may have a role in introducing papers, providing clarification, and contributing to discussions, but may not take part in Committee decisions.
37. As set out in the legislation, a representative of the Scottish Ministers is entitled to participate in any deliberations (but not in decisions) of any committee of the Council [section 16 of Schedule 1].

#### **Observers**

38. Any member of the Council has the right to attend committee meetings as an observer by agreement with the Chair.
39. External observers may be invited to attend committee meetings. External observers invited to be in regular attendance will receive copies of all papers.
40. Observers may, with the permission of the Chair, speak and contribute to discussions, but may not take part in Committee decisions.



## **Timing of meetings**

### ***Scheduled (or ordinary) meetings***

41. The Committee will meet on an appropriate number of occasions in a year to carry out its duties effectively, but will meet at least three times per year.
42. The schedule of meetings for each year will be agreed by the Committee in the previous year, following consultation with the Chair by the Clerk and taking into account the dates of Council meetings.

### ***Extra (or special) meetings***

43. The Chair may convene additional meetings as s/he deems necessary. The Accountable Officer may also ask the Committee to convene further meetings to discuss particular issues on which s/he wants the Committee's advice.

## **Agenda and papers**

### ***Agenda items***

44. Any member can, by contacting the Clerk to the Committee, suggest items of business. The agenda and designation of business will be decided by the Chair.
45. Items for endorsement or for noting will be starred (\*) on the agenda and the Chair will ask at the start of the meeting whether members wish to discuss any of the starred items. (Members should notify the Clerk to the Committee of this wish in advance of the meeting.) Unless members specifically ask to discuss these items, the Chair will assume that they have been endorsed or noted.

### ***Distribution of agenda and papers***

46. The agenda of business and accompanying papers will normally be distributed no later than one week before a scheduled meeting of the Committee.

## **Freedom of Information**

### ***Publishing papers***

47. Committee agendas will be published on the Council's website. Disclosable papers will be made available on request.

### ***Disclosure status***

48. In some cases, particular documents may be subject to disclosure exemptions under the terms of the Freedom of Information (Scotland) Act 2002. Where this applies, the particular exemption(s) will be stated.

### **Approval of minutes of Committee meeting**

49. Minutes of a Committee meeting will be submitted to the Chair for preliminary approval, and thereafter to the subsequent meeting of the Committee for formal approval.

### **Reporting to the Council**

50. The minutes of each Committee meeting will be reported to the Council at the next scheduled Council meeting for noting – whether they have been confirmed or are unconfirmed but approved by the Chair.
51. At each Council meeting there will be the opportunity for the Chair to raise orally matters that s/he thinks the Council needs to be aware of.
52. The Committee will also conduct an annual self-evaluation and produce an annual report for consideration by the Council.