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AUDIT AND COMPLIANCE COMMITTEE MEETING MINUTES

The 67th meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Thursday, 8 June 2023 via Microsoft Teams.

PRESENT: David Alexander (Chair)
Andy Kerr
Caroline Stuart
Veena O'Halloran

OFFICERS: Allan Fyfe (Internal Audit - Scottish Enterprise)
Cameron Waddell (External Audit – Mazars) (items 23/29 – 23/34)
Gary Stewart (Internal Audit – Scottish Enterprise)
Louisa Baker
Paula Haynes
Richard Maconachie (Secretary)
Steve McDonald (items 23/18 - 23/33)
Sybille Rush (Clerk)
Tiffany Ritchie

OBSERVERS: Susan McKenzie
Ursula Lodge

APOLOGIES: Karen Watt
Martin Boyle
Sheila Duncan
Steve Keightley

23/18 Welcome

The Chair **welcomed** members and officers to the meeting.

The Chair also **welcomed** Gary Stewart who has joined Scottish Enterprise as Head of Audit, and Louisa Baker who has joined SFC as Deputy Director Corporate Governance and Planning.

23/19 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.
- David Alexander, in relation to his role as Principal and Chief Executive at Gateshead College where SFC's external auditor Mazars also provide external audit services, and his role as Trustee at the Beamish Museum.

23/20 Minutes of 17 February 2023 meeting (ACC/23/MIN01)

The Committee **agreed** that the minutes of the 17 February 2023 were a true record of the meeting.

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 Chair **highlighted** that the following items had been moved to the September meeting on the long-term agenda:

- Best Value Implementation Plan
- Assurance Framework
- Report on Legal and Regulatory Compliance

23/21 Matters arising (ACC/23/16)

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

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The Committee **noted** the actions taken since the previous meeting and **highlighted** the need for a 'due by' column on the Matters Arising paper.

{2x paragraphs}

Action: SFC to incorporate 'due by' information into Matters Arising paper.

The Committee **noted** the response to the actions that were now complete.

{5x paragraphs}

23/22 Risk Register (ACC/23/17)

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

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.

The Committee **noted** that an in-depth refresh of risk would be carried out over the summer, led by LB, before a fully refreshed Risk Register would be presented to the Committee and the SFC Board in September.

The Committee **noted** the update and **asked** to have tracked changes for ease of reference for Committee members in future iterations.

{2x paragraphs}

Action: SFC to ensure tracked changes are clearer in next refresh of Risk Register, review risk rating of risk 11 and its scope.

23/23 Audit Actions Progress Update (ACC/23/18)

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.

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.

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

The Committee **considered** the paper and **suggested** the original date of the internal audit report containing any recommendations for action should be added to the tracker.

{2x paragraphs}

Actions:

- i. SFC to consider adding the original report date for recommendations to the tracker.

{1x paragraph}

23/24 Strategic Infrastructure and Investment Fund (non-core) update (ACC/23/19)

The Committee **received** a paper which the SFC executive presented to the Finance Committee on 30 May, providing an update on the ongoing project to review the SFC Strategic Infrastructure & Investment Fund (SIIF).

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.

The Committee **noted** the update.

{4x paragraphs}

23/25 Information governance (incl. GDPR, FOI, Records Management) update (ACC/23/20)

The Committee **received** a paper providing an update on information governance and management at SFC.

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 **welcomed** the report and **remarked on** the critical nature of the work in this area.

23/26 Annual Internal Audit Report 2022-23 (ACC/23/21)

The Committee **received** a paper providing the annual Internal Audit Report 2022-23.

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 report.

{1x paragraph}

23/27 Cyber Security update (ACC/23/22)

The Committee **received** a paper with details on SFC's work around cyber security.

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 update.

{4x paragraphs}

23/28 Summary of returned evaluation questionnaires for Committee effectiveness review (ACC/23/23)

The Committee **received** a paper providing a summary of members' responses to the Committee's annual self-evaluation questionnaires which feeds into the Audit and Compliance Committee Draft Annual Report.

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 summary provided and **agreed** that committee members should provide any outstanding questionnaires to allow SFC to finalise the Committee's Annual Report and circulate this by correspondence.

Actions:

- i. Committee members to submit outstanding self-evaluation questionnaires by 22 June.
- ii. SFC to finalise Committee's Annual Report and circulate by correspondence.

23/29 ACC Draft Annual Report incl. review of standing orders (ACC/23/24)

The Committee **received** a paper providing a draft report of the work of the Audit and Compliance Committee for the period August 2022 to July 2023.

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.

The Committee **considered** the report and **noted** that a finalised report would be circulated by correspondence as noted under item 23/28.

23/30 Future ACC meeting dates (ACC/23/25)

The Committee **received** a paper setting out the schedule of Audit and Compliance Committee meeting dates for 2024.

The Committee **noted** that paper.

23/31 Long-term agenda (ACC/22/26)

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

Members **noted** SFC's intention to enhance the long-term agenda to make changes or movements more visible and incorporate feedback from the Committee's own Annual Report.

Action: SFC to consider improvements to the long-term agenda plan to make any changes more visible.

{2x paragraphs}

23/32 Final External Annual Audit Plan (ACC/22/27)

The Committee **received a paper** providing the final external Annual Audit Plan for year ending 31 March 2023.

This paper will be withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002; Section 27: Information intended for future publication.

The Committee **noted** the key messages from the report.

23/33 SFC draft annual report and accounts, year ended 31 March 2023 (ACC/22/28)

The Committee **received** a paper providing a summary of the approach taken and the current status of SFC's Annual Report and Accounts (ARA) for FY 2022-2023.

This paper is withheld from publication on the Council website under the Freedom of Information (Scotland) Act 2002, under Section 27 (information intended for future publication).

The Committee **considered** the draft report.

{5x paragraphs}

Members **agreed** that the Committee should provide comments on the draft annual report and accounts by 22 June.

Actions:

- i. Committee members to provide comments on the draft Annual Report and Accounts by 22 June.
- ii. SFC to ensure Board Development Plan features on long-term agenda plan.

23/34 Date of next meeting

Members **noted** that the next meeting of the Committee would take place on Friday, 8 September 2023 at Apex 1, 99 Haymarket Terrace, Edinburgh.