



Audit and Compliance Committee minutes

The forty-eighth meeting of the Audit and Compliance Committee of the Scottish Funding Council was held on Tuesday 12 December 2017, 9.30am, at Apex 1, 99 Haymarket Terrace, Edinburgh.

Present: David Alexander (Chair)
Paul Little
Keith Nicholson

Officers: John Kemp
Martin Fairbairn (Secretary)
Lorna MacDonald (items 17/45 to 17/53)
Sheila Meehan (Clerk)

In attendance: Chris Brown (Scott Moncrieff)
Elizabeth Young (Scott Moncrieff)
Gordon Smail (Audit Scotland)
Tom Reid (Audit Scotland)

Apologies: Caroline Stuart

17/45 Welcome

The Chair welcomed Chris Brown and Elizabeth Young of Scott Moncrieff and Gordon Smail and Tom Reid of Audit Scotland, members and officers to the meeting.

17/46 Chair's business: Papers for discussion and declarations of interest

The Chair invited members to indicate if they wished to discuss the starred item on the agenda. Paper ACC/17/34 was unstarred for discussion.

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.
- Paul Little – Glasgow Colleges’ Regional Board and City of Glasgow College.
- 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.

17/47 Minutes of the meeting of the Committee held on 7 September 2017 (ACC/17/Min03)

The minutes of the 7 September 2017 meeting were approved as a true record of the meeting.

17/48 Matters arising (ACC/17/29)

The Committee noted the actions taken since the previous meeting.

The Committee noted that the Council executive had responded, by correspondence, to queries raised on various information technology matters.

17/49 Annual Audit 2017/18 update (ACC/17/30)

The Committee received a paper providing an update on external audit progress since the last Committee meeting.

In discussion the Committee noted:

- The process and timescales for the external audit being undertaken by Audit Scotland.

- That the annual audit plan would be presented to the March 2018 Committee meeting.
- That financial sustainability risks were considered as overarching and taken into account for all audits, and each review considered the need to take account of impacts and wider changes in the education and public sector landscape.

17/50 Internal audit: Follow-up of internal audit recommendations (ACC/17/31)

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

The Committee **agreed** that the format of the report would be revised, and that recommendations' due dates would be incorporated into future reports.

17/51 Internal audit reports (ACC/17/32)

The Committee received and discussed the following internal audit reports:

- Internal Audit Plan Progress Report
- Financial controls self-assessment
- Grant funding distribution
- Monitoring of institutions

Progress Report

The Committee **agreed** that the number of audit days would be added in to future versions of this report.

Financial Controls Self-Assessment

The Committee noted that the internal audit report advised all controls were adequate, effective and efficient, and commended the Director of Finance and her team for this report.

The Committee **agreed** that the title of this report, which was considered by the Committee annually, would be amended to remove 'self-assessment' for future versions and that more detail would be provided on the extent of the testing that took place.

Grant Funding Distribution

The Committee noted:

- That internal audit had tested the control framework and that external audit would test actual transactions.
- A high level of assurance had been achieved.
- That consideration would be given, for the next report, on any other control objectives that could be included.
- That the review considered both revenue and capital payments.

Monitoring of institutions

The Committee noted that:

- The recommendations were aimed at strengthening the risk-based assurance framework.
- Securing information from key partners would help support the other sources of information and evidence used in the framework.
- Lessons learned from the college framework would be incorporated into further development of the university framework.

17/52 Monitoring and evaluation of SFC's strategic projects (ACC/17/34)

The Committee considered a paper providing current progress on reporting by SFC Strategic Investments, evaluation activity in 2017 and proposed evaluation activity in 2018.

The Committee noted:

- The variety of projects funded, including those mapped to SFC and Scottish Government strategic priorities, and ongoing infrastructure services.
- That the budget announcement may impact significantly on the funds available for strategic projects.
- All projects were assessed by the Strategic Funding Group, who had a control framework in place for new and continuing projects.

The Committee **agreed** that a paper would be provided, to the March 2018 Committee meeting, on the nature, value and process for approving and monitoring funding of SFC's Strategic Projects.

17/53 SFC's Risk Appetite and Risk Register (ACC/17/33)

The Committee received the latest version of SFC's Risk Register and a proposed approach to risk appetite for SFC.

The Committee noted the respective roles and responsibilities of the Committee and the Council Board in relation to risk management.

The Committee **agreed** that the Council executive would consider and provide a draft of SFC's risk appetite to the Council Board for consideration at the February 2018 meeting.

17/54 Long-term agenda planning (ACC/17/35)

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

The Committee **agreed** that cyber essentials be added to the Updated Information Management Framework item on the agenda of the March Committee meeting.

17/55 Next meeting

6 March 2018, 9.30am.