

## **Matters arising**

### **Purpose**

- 1 To update the Committee on matters arising from the minutes of the previous meeting not addressed elsewhere on the agenda (Annex 1).
- 2 To also update the Committee on the Audit Scotland Annual Audit Report 2018/19 Recommendations and SFC's actions in response to those recommendations (Annex 2).

### **Publication**

- 3 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.

### **Recommendation**

- 4 The Committee is invited to note the matters arising reported.

### **Financial implications**

- 5 There are no programme fund or running cost implications arising from this paper that are not already allowed for in the Council's programme fund or running cost budgets.

### **Further information**

- 6 Contact: Martin Fairbairn, Tel: 0131 313 6524; email: [mfairbairn@sfc.ac.uk](mailto:mfairbairn@sfc.ac.uk).

## Annex 1

Date	Minute	Action	Owner	Comment
7 June 2018	18/21 SFC's Risk Register (ACC/18/14)	In discussion the Committee <b>agreed</b> that: <ul style="list-style-type: none"> <li>• The Council executive would consider ways that individual committees could consider risk in relation to their remits.</li> </ul>	Martin Fairbairn/ Richard Hancock	Ongoing: In parallel with creation of the new committee, the Council executive is in the process of replicating the approach used by the Finance Committee to risk across all other Council committees.
7 June 2018	18/24 Scottish Government's Audit and Assurance Committee Handbook (ACC/18/17)	The Committee <b>agreed</b> that: <ul style="list-style-type: none"> <li>• GDPR training be provided for Council members.</li> </ul>	Callum Morrison	Ongoing: This will be included as part of the revised member development arrangements.
11 December 2018	18/42 SFC's Assurance Framework (ACC/18/29)	The Committee agreed that the updated Framework would be provided to the March 2019 Committee meeting to allow members to assess the levels of assurance.	Martin Fairbairn	It was planned to present the updated Assurance Framework at this meeting, to take account of SFC's new Strategic Framework. However, because of staff availability it has been necessary to postpone this item.
27 March 2019	19/12 Audit Scotland National Report: Scotland's Colleges 2018 update (ACC/19/09)	The Committee <b>agreed</b> that the actions would be updated to include timescales. Future updates would be provided at each meeting, incorporated into the Committee's matters arising report.	Andrew Millar	An update for the 2018 and 2019 reports is on the agenda for this meeting.
27 March 2019	19/13 Follow up of internal audit recommendations (ACC/19/10)	The Committee <b>agreed</b> that revised timelines would be provided for the implementation dates of recommendations in future versions of the update.	Steve Keightley	Ongoing.
13 June 2019	19/24 Audit and Compliance Committee draft annual report	The Committee <b>agreed</b> that: <ul style="list-style-type: none"> <li>• External audit key performance</li> </ul>	Audit Scotland	Ongoing. Next report – June 2020

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	<b>(ACC/19/17)</b>	indicators would be specified in future external audit reports.		
<b>3 September 2019</b>	<b>19/45 Minutes of the meeting of the Committee held on 13 June 2019 (ACC/19/Min02)</b>	The Committee <b>agreed</b> that, following correction of a typographical error, the minutes of the 13 June 2019 meeting were approved as a true record of the meeting.	Sheila Meehan	Complete.
<b>3 September 2019</b>	<b>19/46 Matters arising (ACC/19/33)</b>	The Committee noted the actions taken since the previous meeting and <b>agreed</b> that the report on the Audit Authority's audit of SFC's European Social Funds programmes would be presented to the December Committee meeting.	Gavin Bruce	The Audit Authority's report has been delayed. This item is postponed to the March 2020 meeting.
<b>3 September 2019</b>	<b>19/55 Future internal audit arrangements (ACC/19/42)</b>	The Committee <b>agreed</b> to approve further engagement with the Scottish Enterprise Chief Internal Auditor.	Martin Fairbairn	On agenda for this meeting.

## Audit Scotland Annual Audit Report 2018/19 Recommendations

Recommendation	Management response	Action	Owner	Timeline
1. SFC should review its timetable and arrangements for preparation, submission to audit and approval of its annual report and accounts to ensure they are achievable.	Agreed.	Audit timetable will be updated.  Audit and Compliance Committee and Council meetings moved forward to reduce pressure on tight timeline.	Lorna MacDonald	February 2020
2. Officers should review the accounting treatment of financial transactions funded loans to ensure it remains appropriate.	The accounting policy will be reviewed annually.	The accounting policy will be considered by the Audit and Compliance Committee in advance of the year end.	Lorna MacDonald	February 2020
3. Management should carry out an annual assessment of the accounting treatment of ESF funding to ensure it is in accordance with the FReM.	The accounting policy will be reviewed annually.	The accounting policy will be considered by the Audit and Compliance Committee in advance of the year end.	Lorna MacDonald	February 2020
4. SFC should work to implement its workforce plan to ensure it has sufficient capacity across the organisation.	Agreed	<b>Complete.</b> The running cost budget for 2019-20 has been finalised in a way that allows capacity issues to be addressed, although the future position is unclear.	Martin Fairbairn	Complete
5. SFC should work to complete medium to longer-term financial plans which measure the likely impact of major developments affecting the higher and further education sectors. These plans should be linked closely to the objectives set out in its new Strategic Framework.	Agreed. The upcoming Spending Review provides the platform to take this forward.	This will be taken forward on the back of the Comprehensive Spending Review considerations.	Lorna MacDonald	February 2020

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<p><b>6. SFC should consider the content of its 2019/20 performance report to ensure it provides users of the annual report and accounts with a more understandable analysis of its performance.</b></p>	<p>Agreed.</p>	<p>The Foreword of the 2018-19 annual report and accounts was revised. We are currently developing a broader annual review document.</p>	<p>Martin Fairbairn</p>	<p>December 2019</p>