

## **Audit and Compliance Committee minutes**

The fifty-fifth meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Wednesday 11 December 2019, 1.30pm, at Apex 1, 99 Haymarket Terrace, Edinburgh.

**Present:** David Alexander (Chair)  
Caroline Stuart (via video conferencing)

**Officers:** Martin Fairbairn (Secretary)  
Fiona O'Neill  
Richard Hancock  
Steve Keightley (Item19/68)  
Angela Seymour (Clerk)

**In attendance:** Paul Kelly (Scott-Moncrieff) (Items 19/58 –19/ 67)  
Andrew Diffin (Scott-Moncrieff) (Items 19/58 – 19/67)  
Gordon Smail (Audit Scotland) (Items 19/58 – 19/68)  
Mark McCabe (Audit Scotland) (Items 19/58 –19/64)  
Pamela Morrison (Audit Scotland) (Items 19/58 - 19/68)  
Alan Browne (Scottish Enterprise) (Item 19/68)

### **19/58 Welcome**

The Chair welcomed Gordon Smail, Mark McCabe and Pamela Morrison of Audit Scotland, Andrew Diffin and Paul Kelly of Scott-Moncrieff, and members and officers to the meeting.

### **19/59 Chair's business**

The Chair informed members that the appointment of seven new Board members to replace the four retiring members would afford the opportunity to refresh the membership of the committee. Andy Kerr and one other member, as yet unconfirmed, will join the Committee. Dr Paul Little has stood down from the Committee and the Chair recorded his thanks for the support he provided.

## **19/60 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 declarations of interest were made:

- David Alexander –West College Scotland.
- Audit Scotland – Edinburgh College, Dundee and Angus College.
- Scott Moncrieff – Audit clients: Borders College, City of Glasgow College, Dumfries and Galloway College, University of Dundee, Fife College, Forth Valley College, Glasgow Clyde College, Glasgow Colleges' Regional Board, Glasgow Kelvin College, Queen Margaret University, Royal Conservatoire of Scotland, South Lanarkshire College, University of the 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.

## **19/61 Minute of previous meeting: 3 September 2019 (ACC/19/Min03)**

The Committee **agreed** that the minutes of the 3 September 2019 meeting were a true record of the meeting.

## **19/62 Matters arising (ACC/19/44)**

The Committee **noted** the actions taken since the previous meeting and commented on the challenges faced in seeking to balance the ambitions stated in SFC's Workforce Plan.

## **19/63 SFC's Risk Register (ACC/19/45)**

The Committee received the latest version of SFC's Risk Register.

In discussion the Committee **noted**:

- The need for all committees to be given the opportunity to discuss risk appropriate to their remits.
- The risk on industrial action may need to be updated.

- The possibility of more clarity on the Budget and Brexit after the election.
- That there had been prior discussion on the risk register recognising challenges in relation to institutions' estates and overall infrastructure condition and funding and that the SFC Executive were currently considering this.

### **19/64 Audit Scotland National Reports: Scotland's Colleges 2018 and 2019 and oral update from Mark McCabe of Audit Scotland (ACC/19/46)**

Mark McCabe (Audit Scotland) gave an oral update on recommendations for the Scottish Funding Council arising from the 2018 and 2019 Audit Scotland College Overview reports. The report concentrated on:

- Finance.
- Financial forecasts.
- Capital Funding.
- Student satisfaction.
- Outcome agreements.
- The role of Regional Strategic Boards.
- The links between Education Scotland quality review process outcomes and data on student satisfaction, retention and progression.

In discussion the Committee agreed that this report provided a fair assessment of the progress being made and the challenges to be addressed, and noted the progress made in progressing the Recommendations arising from the reports. The committee **noted** the paper.

### **19/65 Annual Audit Plan (ACC/19/47)**

The Committee welcomed the plan and **noted** the contents.

### **19/66 Follow up of Internal Audit recommendations (ACC/19/48)**

The Committee received a report on the current progress on the implementation of agreed internal audit and confirmed that the extension to the implementation date for the two recommendations relating to the GDPR review was intended for March 2020.

The Committee **noted** the paper.

### **19/67 Internal audit reports (ACC/19/49)**

The Committee considered the following reports:

- Business Continuity planning.

- Strategic Planning.
- Financial controls self-assessment.
- Grant funding distribution.
- Progress report.

The Committee **noted** these reports and welcomed the hard work that had gone into achieving the assurance provided by them.

### **19/68 Future internal audit arrangements (ACC/19/50)**

The Committee received a paper with an update in relation to the provision of internal audit services from 1 April 2020.

Alan Browne of Scottish Enterprise provided an overview on the proposal of SE's in-house team of auditors to provide SFC with an Internal Audit Shared Service.

In discussion the following points were addressed:

- Confirmation that the SE team will have enough capacity to take on SFC's business.
- Noting that understanding of SFC's business would be key.
- Confirmation that the arrangements for the independence of the Scottish Enterprise internal audit team were adequate.
- That there would be a need for early engagement between SE and SFC in taking this forward to ensure an internal audit plan for 2020-21 was in place.

The Chair thanked Alan Browne for his comprehensive contribution and the Committee **approved** further engagement with SE with a view to securing the serve from 1 April 2020, subject to the Council executive being satisfied with the final terms.

### **19/69 Annual agenda plan (ACC/19/51)**

The Committee **noted** the paper.

### **19/70 Next meeting**

5 March 2020, 10.00am.