



## **Audit and Compliance Committee minutes**

The fifty-second meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Wednesday 27 March 2019, 10.00am, at Apex 1, 99 Haymarket Terrace, Edinburgh.

**Present:** David Alexander (Chair)  
Paul Little  
Caroline Stuart

**Officers:** Martin Fairbairn (Secretary)  
Lorna MacDonald (items 19/09 to 19/19)  
Sheila Meehan (Clerk)  
Callum Morrison (items 19/01 to 19/09)  
Morag Campbell (items 19/08 to 19/09)

**In attendance:** Paul Kelly (Scott Moncrieff)  
Chris Brown (Scott Moncrieff) (items 19/05 to 19/19)  
Gordon Smail (Audit Scotland)  
Pamela Morrison (Audit Scotland)

**Apologies:** Dr Keith Nicholson  
Karen Watt (Chief Executive)

### **19/01 Welcome**

The Chair welcomed Gordon Smail and Pamela Morrison of Audit Scotland, Chris Brown and Paul Kelly of Scott Moncrieff, and members and officers to the meeting.

### **19/02 Chair's business: Papers for discussion and 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:

- Paul Little – City of Glasgow College and Glasgow Colleges Regional Board.
- 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, Dundee University, 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 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.

**19/03 Minutes of the meeting of the Committee held on 11 December 2018 (ACC/18/Min03)**

The Committee **agreed** that, following inclusion of the Chief Executive designation to the list of attendees, the minutes of the 11 December 2018 meeting were approved as a true record of the meeting.

**19/04 Matters arising (ACC/19/01)**

The Committee noted the actions taken since the previous meeting.

In discussion the Committee noted that:

- The Council executive were considering how committees could look at relevant risks for their areas.
- The Chair of the Committee and the Chief Executive would meet to consider how to make best use of the available internal audit days.
- One typographical error would be amended in advance of the paper's publication.
- A procurement report would be presented to the Committee as soon as practicable, taking into account resource pressures on the Finance Team during the financial year end period.

## **19/05 SFC's Risk Register (ACC/19/02)**

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

In discussion the Committee noted that the Risk Register had been updated since the last meeting and would be updated again for the next Council Board meeting.

In discussion the Committee advised that:

- Taking into account the current pressures on the university sector of increasing pension costs, Brexit etc, consideration should be given to re-assessing the risk rating of the ***Financial health of universities*** risk.
- The colour coding associated with gross and net risks should be shown within the summary section of the report.
- While the Strategic Funds pot was strictly limited, which was a risk in itself, the risk appetite should remain open/hungry, with the aim of achieving maximum benefit from any available funds.
- Consideration should be given to rebadging Strategic Funds using a more accurate description.
- Consideration should be given to separating clearly sectoral risks from direct SFC risks.

## **19/06 Update on preparations for the General Data Protection Regulation and Data Protection Act 2018 (GDPR) and GDPR Compliance Internal Audit Report (ACC/19/03 and ACC/19/11)**

The Committee considered a paper providing an update on SFC's progress on the GDPR Project Plan and an internal audit report on GDPR Compliance.

In discussion on the GDPR Compliance internal audit report the Committee noted that:

- Progress had already been made on the key issues raised in the report, such as staff training and review of policies and an action plan was in place to address the other recommendations.
- There were several large pieces of work underway.

In discussion on progress on the GDPR Project Plan, the Committee noted:

- SFC's progress on compliance with the GDPR regulations.
- The need to resource the action plan appropriately.
- The issues around ensuring relevant staff are able to engage

with the required work.

**19/07 Review of SFC's Information Management Framework (ACC/19/04)**

The Committee received and noted a paper providing the latest version of SFC's Information Management Framework.

The Committee noted the update on cyber resilience provided by a Committee member by correspondence and **agreed** to one minor revision to the report.

**19/08 Freedom of Information Annual Report 2018 (ACC/19/05)**

The Committee considered a paper providing a report on compliance with Freedom of Information (FOI) legislation in 2018 and progress in implementing the FOI action plan.

**19/09 Monitoring and evaluation of SFC's Strategic Projects (ACC/19/06)**

The Committee considered a paper updating on progress on reporting of SFC Strategic Investments and evaluation activity in 2018 and early 2019.

In discussion the Committee noted:

- The reporting response rate from the universities and colleges.
- The rate of evaluation by SFC had been challenged by the process of validation and associated resources.
- The evaluation of the Research Pooling programme, which represented a significant investment for SFC, was underway and would report to the Council board in autumn 2019.
- Senior management were undertaking an internal review of the evaluation process with the aim of improving evaluation rates whilst clarifying learning from the individual projects.
- The Strategic Funding Group assessed benefit for the learner and the risk profile when approving the original awards.

In discussion the Committee advised that:

- The Committee was seeking assurance on the process, confirmation of how many responses required to be received by SFC from institutions receiving strategic funds, and a high level summary containing: the amount, purpose and length of award, assessment of impact and outcomes, and links to SFC's Strategic Plan would be welcomed.

- Any lessons learned from the first two cycles of the process would also be useful.

The Committee **agreed** that an updated paper be provided to the June Committee meeting.

**19/10 Whistleblowing and fraud annual update (ACC/19/07)**

The Committee considered a paper providing an annual update on whistleblowing and fraud.

**19/11 Review of SFC accounting policies (ACC/19/08)**

The Committee considered a paper providing an update on SFC's accounting policies to be applied in preparation of the Council's 2018-19 Statutory Accounts.

The Committee noted that the Council executive would continue to engage with Audit Scotland on the appropriate accounting policy to adopt in relation to European Structural Funds.

**19/12 Audit Scotland National Report: Scotland's Colleges 2018 update (ACC/19/09)**

The Committee received a paper providing an update on progress on the recommendations within the 2018 Audit Scotland report on the college sector.

In discussion the Committee noted that:

- The assessment process on the performance of the regional strategic bodies was being finalised.
- The Council executive was working with relevant stakeholders on the most effective collation of data.

The Committee **agreed** 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.

**19/13 Follow up of internal audit recommendations (ACC/19/10)**

The Committee received and discussed the implementation of agreed internal audit recommendations.

The Committee noted that, following a heating failure, the Council executive had recently run through the business continuity process which had worked effectively. Further IT-related testing was to take place during spring 2019.

The Committee **agreed** that revised timelines would be provided for the implementation dates of all recommendations in future versions of the update.

**19/14 Internal audit reports (ACC/19/11)**

The Committee received and discussed the following internal audit reports:

- GDPR Compliance, which was considered at item 19/06 above.
- Progress Report

**19/15 Draft internal audit plan 2019-20 (ACC/19/12)**

The Committee received Scott Moncrieff's draft internal audit plan 2019-20.

In discussion the Committee noted:

- That the Financial Controls Self-Assessment Internal Audit process was a useful source of assurance that highlighted the importance of internal controls.
- The proposed internal audits for 2019-20 and that the timings of the individual audits would take place at times that would ensure best value from the process.
- The Chair of the Committee would be meeting with the Chief Executive to discuss best use of the contingency days that were available for 2019-20.

The Committee **agreed** that:

- The remaining available audit days for 2018-19 be utilised for an audit of the SFC strategic projects processes.
- The Chair of the Committee and the Chief Executive would meet to discuss best use of the available audit days for 2019-20.
- The final Internal Audit Plan 2019-20 would be presented to the June 2019 Committee meeting.

**19/16 SFC Management Report 2018-19 (ACC/19/13)**

The Committee received the Audit Scotland report: Scottish Funding Council Management Report 2018-19 and noted the summary of matters arising and actions undertaken following the conclusion of the interim external audit work.

**19/17 Review of the Audit and Compliance Committee draft annual evaluation questionnaires (ACC/19/14)**

The Committee received the Audit and Compliance Committee (ACC) draft annual evaluation questionnaires and noted that the questionnaires were based on the requirements of the *Audit Committee Handbook: suggested self-appraisal checklist*.

**19/18 Long-term agenda planning (ACC/19/15)**

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

The Committee **agreed:**

- To change the title of the Long-term agenda planning paper to Annual agenda plan.
- That the Management Report be added to the Annual agenda plan for March each year.

**19/19 Next meeting**

13 June 2019, 10.00am.