

Audit and Compliance Committee minutes

The fifty-fourth meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Tuesday 3 September 2019, 10.00am, at 99 Haymarket Terrace, Edinburgh.

Present: David Alexander (Chair)
Caroline Stuart

Officers: Martin Fairbairn (Secretary)
Lorna MacDonald
Sheila Meehan (Clerk)
Fiona O'Neill
Jude Thomson

In attendance: Mhairi Harrington
Nicola MacKenzie (Scott-Moncrieff) (items 19/43 to 19/54)
Gordon Smail (Audit Scotland) (items 19/43 to 19/54)
Tom Reid (Audit Scotland) (items 19/43 to 19/54)

Apologies: Dr Paul Little
Dr Keith Nicholson

19/43 Welcome

The Chair welcomed Gordon Smail and Tom Reid of Audit Scotland, Nicola MacKenzie of Scott-Moncrieff, Mhairi Harrington, SFC Board member, and members and officers to the meeting.

The Chair noted that Keith Nicholson was stepping down from the SFC Board in October 2019 and thanked him, in his absence, for his input to the Committee during his time at SFC.

19/44 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:

- 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.

19/45 Minutes of the meeting of the Committee held on 13 June 2019 (ACC/19/Min02)

The Committee **agreed** that, following correction of a typographical error, the minutes of the 13 June 2019 meeting were approved as a true record of the meeting.

19/46 Matters arising (ACC/19/33)

The Committee noted the actions taken since the previous meeting and **agreed** that the report on the Audit Authority's audit of SFC's European Social Funds programmes would be presented to the December Committee meeting.

19/47 Risk Register (ACC/19/34)

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

In discussion the Committee noted that the Brexit guidance for colleges and universities was being updated and that outcome agreement managers were participating in Brexit briefing sessions to prepare them for potentially acting as the first point of contact for institutions in the event of a no deal scenario.

The following paragraphs are withheld from publication on the Council website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

The Committee advised that:

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19/48 Annual Procurement Report 2018-19 (ACC/19/35)

The Committee considered and noted a paper providing information on procurement spend for the Financial Year (FY) 2018-19. It was agreed that the paper provided a comprehensive analysis of procurement spend and considered that procurement processes and procedures continued to be applied robustly.

19/49 Audit Scotland National Report: Scotland's Colleges 2018 and 2019 Updates (ACC/19/36)

The Committee considered a paper providing updates on recommendations for the Scottish Funding Council arising from the 2018 and 2019 Audit Scotland College Overview reports.

The Committee **agreed** that the Audit Scotland representative in charge of the Scotland's Colleges overview reports would attend the Committee's December meeting to provide an update.

19/50 Audit Scotland Report: Fraud and Irregularity Update 2018/19 (ACC/19/37)

The Committee considered a paper providing the recent Audit Scotland Report: Fraud and Irregularity Update 2018/19 and an update on recent frauds which took place at Scottish FE colleges.

In discussion the Committee noted that:

- Frauds were becoming increasingly sophisticated.
- Colleges were expected to meet Cyber Essentials Plus accreditation requirements.
- While it was essential that IT systems were functional, secure and maintained integrity, functionality in meeting student need had also to be considered.
- SFC had tasked Jisc with benchmarking and creating an assessment of student IT experience across the sector. The timescales for this project were to be confirmed.

19/51 Updates to the Scottish Public Finance Manual (ACC/19/38)

The Committee noted a paper informing of updates to the Scottish Public Finance Manual.

19/52 Scottish Funding Council audit update report (ACC/19/39)

The Committee received a paper providing the Audit Scotland report: Scottish Funding Council (SFC) update report. The Committee had a comprehensive discussion on the content and recommendations contained within the report and noted that the Audit Scotland representative in charge of the Scotland's Colleges overview reports would attend the Committee's December meeting to provide an update and support further discussion.

The Committee was also receiving regular reports at each meeting on the progress SFC was making in relation to actions arising from Audit Scotland reviews of the college sector.

19/53 Follow-up of internal audit recommendations (ACC/19/40)

The Committee considered a paper informing on current progress on the implementation of agreed internal audit recommendations.

19/54 Internal audit reports (ACC/19/41)

The Committee received and discussed the following internal audit reports:

- Equality and Diversity
- 2018-19 Progress Report

Equality and Diversity Report

The Committee commended the Council executive on the positive audit report.

Internal and external auditors left the meeting.

19/55 Future internal audit arrangements (ACC/19/42)

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

In discussion the Committee considered the options for the future internal audit service for SFC and stressed the need for the internal

audit service to be objective, knowledgeable and be independent.

The Committee **agreed** to approve further engagement with the Scottish Enterprise Chief Internal Auditor in considering the options for the future provision of the internal audit service.

19/56 Annual agenda plan (ACC/19/43)

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

19/57 Next meeting

11 December 2019, 1.30pm.