

## **Audit and Compliance Committee minutes**

The fifty- sixth meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Wednesday 5 March 2020, 10.00am, at Apex 1, 99 Haymarket Terrace, Edinburgh.

**Present:** David Alexander (Chair)  
Andy Kerr  
Caroline Stuart

**Officers:** Martin Fairbairn (Secretary)  
Lorna MacDonald  
Richard Hancock  
Fiona O'Neill (items 20/01 – 20/11)  
Angela Seymour (Clerk)  
Steve Keightley

**In attendance:** Paul Kelly (Scott Moncrieff)  
Chris Brown (Scott Moncrieff)  
Nicola MacKenzie (Scott Moncrieff)  
Tom Reid (Audit Scotland)  
Pamela Morrison (Audit Scotland)  
Alan Browne (Scottish Enterprise)

**Apologies:** Karen Watt

### **20/01 Welcome**

The Chair welcomed Tom Reid and Pamela Morrison of Audit Scotland, Chris Brown, Nicola MacKenzie and Paul Kelly of Scott Moncrieff, Alan Browne of Scottish Enterprise and members and officers to the meeting.

## **20/02 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:

- David Alexander –West College Scotland.
- Andy Kerr – South Lanarkshire College and New College Lanarkshire
- 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 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.

## **20/03 Minutes of the meeting of the Committee held on 11 December 2019 (ACC/19/Min04)**

The Committee **agreed** that the minutes of the 11 December 2019 meeting were a true record of the meeting.

## **20/04 Matters arising (ACC/20/01)**

The Committee **noted** the actions taken since the previous meeting.

In discussion the Committee noted:

- The inclusion of estates investment in the risk register.
- The comprehensive nature of the report and its helpfulness to the Committee.

**20/05 Risk Register and Risk Management Strategy (ACC/20/02)**

The Committee noted the latest version of the Council's corporate risk register and the current version of its Risk Management Strategy.

In discussion the Committee:

- Noted that COVID-19 was becoming a significant risk and the Register will be revised to reflect this
- Noted estates expenditure in the college sector had been included as a new risk.
- Requested that the Cyber security should remain on the register.
- Noted confirmation from the Council executive that SFC's payment function is compatible with working from home.

**20/06 SFC's Assurance Framework (ACC/20/03)**

The Committee considered the content of the Assurance Framework and the Council executive's assessment.

In discussion the Committee:

- Welcomed the hard work that had gone into developing the assurance framework to date;
- Noted it was a working document and that further updates would be provided at future meetings.

**20/07 Freedom of Information Annual Report 2019(ACC/20/04)**

The Committee received and noted a paper providing a report on SFC compliance with Freedom of Information legislation in 2019.

**20/08 Whistleblowing and fraud annual update (ACC/20/05)**

The Committee received and noted a paper providing a report on:

- SFC's current whistleblowing policy
- Incidences of fraud or whistleblowing (and that there had been no such incidences since the previous report.

**20/09 Review of SFC accounting policies (ACC/20/06)**

The Committee considered a paper providing an update on SFC's

accounting policies to be applied in preparation of the Council's 2019-20 Statutory Accounts.

The Committee noted the Council executive's intention to continue the existing treatment of financial instruments and grants receivable.

**20/10 University of Aberdeen Review Committee Report: Payment to the former Principal of the University of Aberdeen (ACC/20/07)**

The Committee received a paper seeking agreement with Council executive's assessment of required consequential actions.

In discussion the Committee noted:

- the report had now been published; and
- that specific requirements of SFC's Financial Memorandum had not been followed.

The Committee **agreed** that:

- nothing was identified in the review which indicated that existing SFC requirements needed to be revised ;
- SFC are about to review all aspects of the financial memoranda; and
- this item would be revisited at the next Committee meeting.

**20/11 SFC Management Report 2019 - 20 (ACC/20/08)**

The Committee received and considered the SFC Management Report 2019-20, which contained Audit Scotland's recommendations following its interim audit work on SFC's 2019-20 accounts.

**20/12 Audit Authority European Social Funds Audit (ACC/20/09)**

The Committee received a paper on recent Scottish Government Managing Authority and Audit Authority audits on European Social Fund (ESF) programmes in which SFC is participating.

In discussion the Committee noted that:

- The risk to receipt of planned claims is ongoing until 2030
- Maintaining evidence is vitally important

**20/13 Follow up of internal audit recommendations (ACC/20/10)**

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

The Committee was advised that a new appointment had been made within SFC and would have responsibility for continuing the comprehensive work that had been taken to date in relation to information management. The Committee thanked the previous incumbent for the work that had been undertaken to date.

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

**20/14 Internal audit reports (ACC/20/11)**

The Committee received and discussed the following internal audit reports:

- Workforce Planning
- Progress Report

In discussion the Committee noted:

- The development of the current workforce
- That knowledge management was a challenge
- The need to increase cross organisational knowledge

**20/15 Internal Audit Strategy and 2020/21 Annual Internal Audit Plan with new internal auditors 2019-20 (ACC/20/12)**

The Committee was invited to consider the draft internal audit plan for 2020-21.

The Committee **agreed** the draft plan as a reasonable basis on which to plan to work for the year ahead and that it would review the plan again at the next meeting.

**20/16 Annual agenda plan (ACC/20/13)**

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

**20/17 Review of ACC draft annual evaluation questionnaires**

**(ACC/20/14)**

The Committee received and agreed the annual evaluation templates.

**20/18 Committee's review of effectiveness of internal and external auditors**

The Chair confirmed the Committee had received assurance that, following earlier discussion with the internal and external auditors, it was considered that there were strong, positive working relationships in place with both officers and the Committee, with there being an appropriate level of constructive challenge where required. It was commented that there was a need for more members to be recruited to the Audit and Compliance Committee. It was also important that SFC maintained a focus on capacity and workforce planning for the coming period given the comprehensive work programme which lay ahead. The Committee was assured about the transition between the exiting and incoming internal auditors and the risk management progress.

Comment had been made that the Council's long-term financial planning for college and university finances, building on 'The Financial Sustainability of Colleges and Universities in Scotland' (published on 11 February 2020), should be revisited.

**20/19 Next meeting**

The Committee noted that the next meeting was scheduled for 13 June 2019 at 10.00am.