

Audit and Compliance Committee minutes

The sixty-first meeting of the Audit and Compliance Committee of the Scottish Funding Council (SFC) was held on Tuesday, 14 December at 9.30am by videoconference.

Present: David Alexander (Chair)
Caroline Stuart (items 21/37 – 21/46)
Sheila Duncan

Officers: Chris Brown (Secretary)
Karen Watt (Chief Executive)
Catherine Atkinson (Observer)
Richard Hancock
Emma Pantel (item 21/44)
Fiona O'Neill
Steve McDonald (item 21/40)
Stuart Fancey
Sybille Rush (Clerk)
Tiffany Ritchie

In attendance: Gordon Smail (Audit Scotland)
Alan Browne (Internal Audit - Scottish Enterprise)

Apologies: Andy Kerr

21/37 Welcome

The Chair welcomed Gordon Smail of Audit Scotland, Alan Browne of Scottish Enterprise, and members and officers to the meeting.

21/38 Chair's business: 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:

- Caroline Stuart – Dumfries and Galloway College
- Audit Scotland – Edinburgh College, Dundee and Angus 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.

21/39 Minutes of the meeting of the Committee held on 19 August 2021 (ACC/21/Min02)

The Committee **agreed** that the minutes of the 19 August 2021 were a true record of the meeting.

21/40 Matters arising (ACC/21/26)

The Committee **noted** the actions taken since the previous meeting. This paper is 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.

5 x {} paragraphs

The Committee **noted** that:

- This update provided the necessary assurances and acknowledged that good progress had been made.
- A culture change was needed and that this should be an ongoing process.
- A plan on governance was being put together at present which would be supported by whichever partner SFC decides to work with.

The Committee **agreed** that the SFC Board should feed in to the governance arrangements due to the high risk of this item.

21/41 Follow-up of internal audit recommendations (ACC/21/27)

The Committee **considered** a report on the current progress on the implementation of agreed internal audit recommendations.

This paper is 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.

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The Committee **considered** a change of date for the following items:

- The completion of the finance system upgrade to May 2022
- The review of the SFC Travel & Subsistence Policy to March 2022.

The Committee **agreed** to these amended dates.

21/42 Internal audit reports (ACC/21/28-31)

The Committee **considered** the following reports:

- Climate Change and Sustainability
- Key Financial Controls
- Apprenticeship Programme
- Internal audit progress report

These reports are withheld from publication on the Council website under the Freedom of Information (Scotland) Act 2002, Section 36: Confidentiality.

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21/43 SFC Risk Register (ACC/21/32)

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

This paper is withheld from publication on SFC's website under the Freedom of Information (Scotland) Act 2002, Section 30: prejudicial to the effective conduct of public affairs.

15 x {} paragraphs

21/44 Information Governance – update on GDPR (ACC/21/33)

The Committee received a paper with an update on developments on information governance at SFC, with a specific focus on GDPR.

The Committee welcomed this report and recognised the progress that had been made. The Committee:

- **Noted** that the data audit had now been completed with a small

number of non-critical items outstanding, most of which will be addressed once SFC has fully migrated to Office 365.

- **Requested** the inclusion of timescales for training going forward.

21/45 Procurement report (ACC/21/34)

The Committee received a paper providing information on procurement spend for SFC for the Financial Year (FY) 2020-21.

The Committee **noted** the report and welcomed the work that had gone into producing it.

The Committee **queried** whether single suppliers should be included under the non-compliance heading. The internal and external auditors advised that they were comfortable with how the information was presented (as 'single supplier under non-compliance') as this was good practice and added more transparency.

21/46 Monitoring and evaluation of strategic projects (ACC/21/35)

The Committee received a paper providing an update on the monitoring and evaluation of strategic projects. The Committee **noted** that:

- As part of its Review, SFC has considered the non-core funds, especially in light of the impact of COVID-19 and the fact that they have been decreasing for a number of years.
- One of the recommendations from the SFC Review is that SFC will become an organisation which maximises its data to inform and guide its work. Under its current process, SFC collects data returned for non-core fund awards within a spreadsheet, but this is not yet aggregated to use for longer-term evaluation and policy guidance.
- SFC has begun work on designing an evaluation and data gathering framework that will ultimately allow SFC to aggregate data into evaluation of all of SFC's work to ensure maximum use of SFC's intelligence.
- SFC recognises the opportunity for this Committee to consider how we build the capacity for better monitoring and reporting and is planning the creation of a new Evaluation team which would sit within the Policy, Insight and Analytics (PIA) area.

In discussion, the Committee **considered**:

- Whether some of the funding had in some cases become core funding for the receiving institutions, thus making them reliant on the continuation of the funding.
- Whether the assessment process was proportionate to the amount of funding allocated and the intended outcomes.
- Whether it was always clear which outcomes are funded.

The Committee **agreed** that:

- There was a need for measurables when allocating the funding.
- Monitoring and Evaluation should remain on the Committee's long-term agenda until the new Evaluation team has been established and the Committee is confident this area has been sufficiently strengthened.

21/47 Future meeting dates (ACC/21/36)

The Committee **noted** the paper and **considered** the tentative dates.

The Committee **agreed** that a decision needed to be taken on whether the June meeting should be moved into August, or whether there should be a meeting in June and another in August/September. A decision will be taken by SFC before the meeting on 3 March 2022.

21/48 Annual agenda plan (ACC/21/37)

The Committee **noted** the paper.

21/49 Next meeting

3 March 2022, 10.00am.