



Audit and Compliance Committee minutes

The fifty-first meeting of the Audit and Compliance Committee of the Scottish Funding Council was held on Tuesday 11 December 2018, 10.00am, at Apex 1, 99 Haymarket Terrace, Edinburgh.

Present: David Alexander (Chair)
Paul Little
Caroline Stuart

Officers: Martin Fairbairn (Secretary)
John Kemp
Lorna MacDonald
Sheila Meehan (Clerk)
Callum Morrison (items 18/37 to 18/43)

In attendance: Elizabeth Young (Scott Moncrieff) (items 18/37 to 18/49)
Gordon Smail (Audit Scotland) (items 18/37 to 18/49)
Tom Reid (Audit Scotland) (items 18/37 to 18/49)
Mark MacPherson (Audit Scotland) (items 18/37 to 18/49)

Apologies: Dr Keith Nicholson

18/37 Welcome

The Chair welcomed Gordon Smail, Tom Reid and Mark MacPherson of Audit Scotland, Elizabeth Young of Scott Moncrieff, and members and officers to the meeting.

18/38 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 for agenda items 8 and 9.
- David Alexander for agenda items 8 and 9.
- Audit Scotland – Edinburgh College, Dundee and Angus College and for agenda item 14.
- 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.

18/39 Minutes of the meeting of the Committee held on 7 June 2018 (ACC/18/Min02)

The Committee **agreed** that the minutes of the 7 June 2018 meeting were approved as a true record of the meeting.

18/40 Matters arising (ACC/18/27)

The Committee noted the actions taken since the previous meeting.

In discussion the Committee noted:

- The process and extent of forward commitment for the strategic funds.
- That closer working with Scottish Government had helped to provide clarity on the categorisation of the strategic funds.
- That the Finance Committee monitored the strategic funds position through the year via scrutiny of updates on reprofiling, clawback etc.
- That Council would be considering the budget position and the 2019-20 college and university funding allocations, including strategic funds, in January and April 2019.

Audit Scotland welcomed SFC's long-term financial planning and the oversight provided by SFC's committees while encouraging annual reporting of financial commitments to support accountability and manage expectations.

The Committee **agreed** that the Procurement Internal Audit Report would be shared with the Finance Committee for information.

18/41 SFC's Risk Register and Risk Management Strategy (ACC/18/28)

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

In discussion the Committee noted:

- The updates to the Risk Management Strategy.
- That the DEEPLISTS analysis, i.e. PESTLES plus 'international' and 'demographic' would be very relevant for SFC, as those areas were key for SFC going forward.
- That the Council executive would consider whether there would be value in each Directorate having a Risk Register.
- That SFC's Risk Register was reviewed and considered regularly by the Scottish Government and at the quarterly Ministerial meetings undertaken by the Chair and Chief Executive.

The Committee **agreed** that:

- The DEEPLISTS analysis would be used, rather than PESTLES, for the next iteration of the strategy.
- That the Strategy would be updated and presented to the March 2019 Committee meeting.

18/42 SFC's Assurance Framework (ACC/18/29)

The Committee considered a paper providing SFC's Assurance Framework.

In discussion the Committee noted that:

- The Framework was a good starting point and that the aim was for the Committee to assess if it was content with the level of assurance received in different areas.
- More granularity on the learning and quality area would be welcomed, with launch of the new Learning Enhancement Committee.

- The Framework should be further developed and narrative provided for all relevant areas under the improvements actions heading.
- In developing the framework, consideration should be given to any assistance and/or guidance that internal audit might be able to provide.

The Committee agreed that the updated Framework would be provided to the March 2019 Committee meeting to allow members to assess the levels of assurance.

18/43 Update on preparations for the General Data Protection Regulation and Data Protection Act 2018 (GDPR) (ACC/18/30)

The Committee considered a paper providing an update on SFC's progress on the GDPR Project Plan.

In discussion the Committee noted:

- SFC's progress on compliance with the GDPR regulations.
- That SFC was supporting the Scottish Government (SG) in the development of their Data Sharing Agreement in relation to European Social Funds (ESF).
- That, in the Risk Register, the potential for combining the cybersecurity and data protection risks be considered.
- That a Data Governance Group had been created to give cross-directorate oversight of data governance issues.

18/44 Audit Scotland National Report: Scotland's Colleges 2018 (ACC/18/31)

The Committee considered a paper informing of Audit Scotland's recent report on the college sector.

In discussion the Committee noted:

- The key messages of the report around financial sustainability of the sector, student participation and the Regional Strategic Bodies.
- The Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee's response to the report and follow-up.
- The next steps and Audit Scotland's planned approach for next year's report.
- That the Council executive would be working with Audit Scotland on the 2019 reports for both the college and university sectors.

The Committee **agreed** that an action tracker updating on progress on the recommendations within the report would be provided to the March 2019 Committee meeting.

18/45 Audit Scotland Report: Withdrawal from the European Union (ACC/18/32)

The Committee considered a paper setting out the details of the work SFC was undertaking with colleges and universities to prepare for leaving the EU, with reference to the Audit Scotland report.

18/46 External Audit: Annual Audit Plan 2018/19 (ACC/18/33)

The Committee received and discussed Audit Scotland's Annual Audit Plan for year ended 31 March 2019.

18/47 Follow up of internal audit recommendations (ACC/18/34)

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

The Committee **agreed** that a report on procurement be provided to the March 2019 Committee meeting.

18/48 Internal audit reports (ACC/18/35)

The Committee received and discussed the following internal audit reports:

- Health and Safety
- Financial Controls
- Budgetary Control
- Grant Funding Distribution
- Progress Report

Health and Safety

The Committee noted that mental health and wellbeing were being considered by the Council executive and the Union, and HR reports were provided to the Remuneration Committee.

Financial Controls Self-Assessment, Budgetary Control and Grant Funding Distribution

In discussion the Committee noted the excellent reports and commended the Finance Team for the outstanding outcome.

Progress

The Committee noted that seven days of internal audit time were available if required and **agreed** that the Chair of the Audit and Compliance Committee would meet with the new Chief Executive to discuss how this time might be best applied.

18/49 Long-term agenda planning (ACC/18/36)

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

Elizabeth Young, Gordon Smail, Tom Reid and Mark Macpherson left the meeting.

18/50 Appointment of internal auditors (ACC/18/37)

The Committee received and noted a paper providing information in relation to the provision of a future internal audit service.

The Committee considered the options for SFC's internal audit services and **agreed** to approve:

- A one year extension to the Scott Moncrieff contract.
- The further exploration of alternative internal audit services.

18/51 Next meeting

6 March 2019, 10.00am.