

SCOTTISH QUALIFICATIONS AUTHORITY

A109/2 i

AUDIT COMMITTEE – 18 NOVEMBER 2024

For approval

Minutes of the one hundred and eighth meeting of the Audit Committee held on Monday 26 August 2024 at 10 am by Microsoft Teams.

Members

- * Ms M Wailes (Convenor)
- * Ms A Davis
- * Prof K Thomson (until A108/8)

SQA Officers

- * Mr A Dickson
- * Mr J McMorris
- * Ms Y Raven
- * Ms F Robertson
- * [REDACTED]

* indicates present

In attendance

Mr J Booth, SQA (A108/1 – A108/5

[REDACTED], Grant Thornton

Mr M Campbell, SQA

Ms S Coyle, SQA

[REDACTED], SQA (A108/6 only)

[REDACTED], SQA

[REDACTED], SQA (A108/7 only)

[REDACTED], SQA

[REDACTED], Grant Thornton

[REDACTED], Audit Scotland

[REDACTED], SQA (A108/3 onwards)

108/1 WELCOME AND APOLOGIES

The Convenor welcomed everyone to the one hundred and eighth meeting including colleagues from Audit Scotland and Grant Thornton.

Apologies for absence were received from the SQA Chair.

There were no conflicts of interest declared.

108/2 PREVIOUS MEETING

i Approval of minutes from previous meeting

The minutes of the one hundred and seventh meeting of the Committee, held on 10 June 2024 were approved as an accurate record.

ii **Action Grid**

The Committee noted that one action remained under development and the closure of one action.

iii **Workplan**

The Committee noted the contents of the workplan.

108/3 **MATTERS ARISING**

A107/4 ii Internal Audit Report – IT Strategy Review

The Convenor reminded the Committee that it had been agreed that it would be helpful to monitor progress of the IT strategy in some way. There had been a recent workshop for Performance Committee members regarding updating the QPR to reflect the 2024-27 Corporate Plan, and the IT strategy had briefly been discussed.

The Committee noted that she and Ms Davis, as Convenor of the Performance Committee, would take this matter offline.

A107/4 iii Internal Audit Report – SQA’s Internal Audit Annual Report 2023-24

The Committee were reminded that at the last meeting it was suggested that SQA consider if anything should be included in its annual governance statement around the one high-risk finding that had been identified as part of the Network Management internal audit regarding Multi-Factor Authentication (MFA).

Mr Campbell advised that he was examining the level of detail contained within the statement before considering if anything should be included regarding the use or implementation of MFA. The Committee agreed that the statements narrative should remain high level.

108/4 **INTERNAL AUDIT ACTIVITY – GRANT THORNTON**

i **Follow-up Report**

██████████ presented the report for the period to August 2024 that provided a summary of the progress made by SQA in implementing previous internal audit recommendations.

The Committee noted that Grant Thornton had tracked 23 internal audit actions during that period, and that eight had been validated and closed.

The Committee welcomed the assurance provided by the report.

ii **Internal Audit Progress Report**

██████████ provided an overview of the progress against the 2024-25 Internal Audit Plan, highlighting the completion of one review that would be presented next (A108/4 iii refers).

The Committee noted the contents of the report.

iii **Internal Audit Report – Whistleblowing**

██████████ presented the report that evaluated the adequacy of internal controls in place around whistleblowing arrangements, including reviewing the design and operating effectiveness of controls. The audit identified one medium, four low and one improvement rated findings that enabled Grant Thornton to provide reasonable assurance.

The Committee considered the report and noted that there had been no whistleblowing concerns raised in 2023-24 and to date for 2024-25.

In response to a query around the lack of awareness of the whistleblowing landscape ██████████ assured the Committee that no concerns had been identified around the culture within the organisation. The Committee welcomed that management had agreed that the policy would be published on the website, and that a robust communication plan would be developed to raise awareness.

The discussion led to the appointment of a Whistleblowing Champion, noting that this had been delayed due to the recruitment freeze across the organisation. Whilst an individual would be nominated to act as the point of contact for raising whistleblowing concerns, the Committee welcomed the suggestion from Grant Thornton that consideration should be given that the individual was at the non-executive director level.

The Committee noted the report.

108/5 **INTERNAL AUDIT ACTIVITY – SQA**

i **SQA Internal Audit Work Report**

██████████ presented the report that detailed progress of SQA's Internal Audit in the last quarter, and outlined the work scheduled to take place in the next quarter. He highlighted that the KPI continued to be reported at amber due the rolling twelve-month period and had slightly increased from 22% to 24%.

The Committee noted the contents of the report.

ii **Internal and External Audit Tracker Reports**

Internal Audit Tracker Report

As previously reported (A108/4 i refers) eight internal audit actions had been validated and closed by Grant Thornton. The following internal audit actions were covered during discussion:

- *211.6 (Network Management internal audit)*

In response to a query around the immutable backups, the Committee was assured that these were in place and working as expected.

- *186.1 (Stakeholder Engagement internal audit)*

Noted that the customer relationship management (CRM) project would be taken forward as part of the wider HN Digital Awarding project, however due to the unknowns around timings and funding for this Programme it was agreed that the RAG status would be updated to reflect this.

- *208.1 (User Engagement internal audit)*

Noted that due to the recruitment freeze other options around resource were being investigated to ensure work continued to progress the engagement strategy.

The Committee commended management on continuing to progress internal audit actions, however acknowledged that that were emerging impacts from the recruitment freeze and recognised this could impact progress.

External Audit Tracker Report

The Committee noted the contents of the report.

Mr Booth left the meeting.

108/6 **2024-25 Q1 CORPORATE RISK REGISTER AND RISK, OPPORTUNITY AND ISSUES REPORT**

Welcomed to the meeting was [REDACTED].

[REDACTED] provided a detailed overview of the quarterly Risks, Opportunities, and Issues (ROI) report highlighting that there was an increase in overall ROI this quarter due to several factors including new risk reporting processes put in place in two Directorates, an increase in risks reported regarding the recruitment freeze, and new risks emerging from the main diet. Whilst SQA's overall risk profile remained high, the appetite remained similar to the previous quarter.

She was pleased to report that the number of opportunities continued to increase and was the highest since 2021. The Committee welcomed the increase in opportunities and agreed that it would be valuable to consider the information and the associated risk appetite around these, particularly if they become missed opportunities.

Discussion led to SQA's challenging financial situation and with the current constraints the Committee stressed the importance that every opportunity should be carefully considered, whilst acknowledging that there were resource restraints.

[REDACTED] went on to present the Q1 Corporate Risk Register (CRR) and the Committee were requested to endorse some changes following endorsement by the Risk and Opportunities Group:

- *23CRR77I – Issue was associated with the EIS FE Lecturers Association (FELA) action short of strike from 2 May.*

It was proposed to close as it was being managed as a risk on the HNVInt ROI. While it had been proposed to deescalate at the last meeting, further progress had been made and the risk of consequences for learners had been significantly reduced.

Following consideration, and noting that this would continue to be monitored, the Committee endorsed the de-escalation to the HNVInt ROI.

- *21CRR59R – Risk was associated compatibility issues and reliance on legacy systems.*

The Committee noted that following the Crisis Management Tabletop exercise for SQA by NCC, a report would be provided with recommendations for how SQA could improve in this area. This would be considered by the Executive Management Team (EMT) and the recommendations prioritised due to the restricted resources available.

- *23CRR78R – Risk was associated with appointees that are currently contracted on an annual basis with no worker / employee status.*

The Committee noted that SQA was still awaiting the Scottish government to confirm if funding was available.

Discussion led to financial sustainability and the Committee agreed that there should be an overarching strategic risk around financials. Given that the SQA Board would meet later in the week to specifically to discuss financials it was agreed that discussion would continue at that meeting.

██████████ left the meeting.

108/7 **ANNUAL PROCUREMENT REPORT 2023-24**

██████████ was welcomed to the meeting.

██████████ provided a comprehensive overview of the report that detailed the work and contribution made by the Procurement Department during 2023-24. The report also supported SQA's Corporate Outcomes through effective use of financial resources and applying the duty of Compliance of and Best Value in line with the Scottish Public Finance Manual.

The Committee noted that the assessment method by the Scottish Governments Procurement and Commercial Improvement Programme (PCIP) team had changed this year, and this had been welcomed by SQA. An action plan had been developed to progress areas that were scored as developing or improving.

The Committee noted the report and endorsed it for remit to the SQA Board.

██████████ left the meeting.

Prof Thomson left the meeting, and as a result the meeting was no longer quorate. However, as per the Standing Orders, the Convenor decided to proceed with the meeting given the remaining items were for discussion, and not approval.

108/8 UNAUDITED ANNUAL REPORT AND ACCOUNTS 2023-24

Mr Dickson reminded the Committee of the later scheduling by Audit Scotland of the audit of the Annual Report and Accounts 2023-24. The full set of audited accounts would be presented to the next meeting for review and endorsement to the SQA Board for approval for submission to Ministers and the Scottish Parliament.

The Committee noted that Section A (Performance Report) was discussed at the Performance Committee at its meeting in May with any recommendations being incorporated. He went on to provide an overview of the draft Section B (Accountability Report) and Section C (the unaudited Annual Accounts 2023-24). The Committee had also been provided with a detailed cover paper, which had highlighted the key points and explained any amounts beyond that covered in the notes to the accounts.

Referring back to a previous discussion (A108/3 Matters Arising refers) regarding the governance statement, the Committee acknowledged that although it had agreed that the statements narrative should remain high level, the Committee must be content with the details.

The Committee noted that the schedule was on track for presenting the Annual Report and Annual Accounts 2023-24 to the next meeting.

103/9 NATIONAL FRAUD INITIATIVE UPDATE

Mr Dickson advised that the 2022-23 exercise would be published this month, and no overpayments or payroll issues had been identified during the review. It was noted that the 2024-25 exercise would commence imminently.

The Committee welcomed that the exercise would facilitate the auditors to assess fraud prevention arrangements in SQA.

108/10 ANY OTHER BUSINESS

There was no further business raised.

108/11 DATE OF NEXT MEETING

The next meeting of the Committee would take place on Monday 18 November 2024 and would be held by MS Teams.