

BOARD OF MANAGEMENT – 19 OCTOBER 2011

For approval

Minutes of the seventieth meeting of the Board of Management held at 10.00 am on Wednesday 17 August 2011 in the Boardroom, Ironmills Road, Dalkeith.

Members

- * Mr G Houston (Chairman)
- * Dr J Brown (Chief Executive)
- * Mr J Edgar
- * Mr W Gallagher
- * Prof A MacLennan
- * Mr K McKay
- * Mr R O'Hare
- * Prof J Simmons
- * Dr P Thomson
- * Mrs S Walsh
- * Ms C Wilkinson

* indicates present

Officers

- * Ms M Cahill
- * Mr R Gibson
- * Ms K McCallum
- * Mr J McDonald
- * Ms J Ross
- * Dr G Stewart

Observers

Mr M McVicar

70/1 WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting, including Mr McVicar from the Scottish Government. There were no apologies.

70/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

70/3 PREVIOUS MEETING**i Minutes of meeting held on 25 May 2011**

The minutes were approved as an accurate record.

ii Action Grid

The contents of the action grid were noted.

70/4 MATTERS ARISING

There were no matters raised.

70/5 CHAIRMAN'S REMARKS

The Board discussed the recent incident of the early release of examination results by text message. The Chief Executive advised that she had initiated an internal inquiry to establish why the text results had been released prior to the scheduled

date, and that this was being led by SQA's Head of Quality Systems – a senior member of SQA and independent of the teams responsible for the delivery of NQ results.

SQA's internal auditors would also be instructed to undertake a technical audit of the IS procedures in place for the transfer of data in text messaging. SQA fully understood that the Board required reassurance and certainty that control frameworks would be put in place to address the matter for the future. An update on the findings and actions arising from these investigations would be presented to the next Board meeting.

It was also noted that the Chairman and Chief Executive had had separate discussions with the Cabinet Secretary for Education and Life Long Learning, when they had shared their disappointment of the incident, and agreed an approach on next steps.

70/6 CHIEF EXECUTIVE'S REPORT

Dr Brown referred to the contents of her report and highlighted specific areas of interest and progress. She presented consideration of the award of SQA's Honorary Fellowship, which recognised sustained outstanding work and commitment to education and training in Scotland. It was proposed to award the fellowship to a previous employee of SQA, Jennifer de Falco. The proposal received the unanimous endorsement of the Board.

The Board was updated on the recent All Staff Briefings that had taken place, when Dr Brown had contextualised the focus and challenges ahead for SQA. The briefings had been very well attended by staff, and Board member Carole Wilkinson, had also been present for one of the sessions. On discussion around Board engagement with the work of the Partnership Group, it was agreed that the Executive would consider a mechanism by which to ensure the Board received updates.

In closing her report, Dr Brown advised that SQA was currently working on a contract to provide a single application for a customer interface that would support all existing and anticipated future requirements associated with specialist services and contracts. The funds had been allocated from the existing SQA capital budget. The high value of this contract required Board approval and subject to that, further authorisation would be sought from the Scottish Government. The timelines for tender evaluation and award would require Board approval in advance of the next formal meeting; the Board approved that this matter could be coordinated by email communication, as per the Board Standing Orders.

Ms Dinwoodie, Head of Finance, joined the meeting.

70/7 FINANCIAL POSITION 2011-12 QUARTER 1 UPDATE

The Board considered the current financial position taking into account current forecasts for additional reduction in expenditure and projected income for both the current and following financial years. The Board agreed with the recommendations of the Executive that it was essential to continue to identify additional investments to secure revenue whilst identifying any further potential reduction in costs.

During the discussion around the presentation of the financial information, the Board requested that in addition to presenting the financial information from an accruals basis, future reporting should also include a specific focus on the cash flow position.

It was also agreed that the Board would be presented with a more detailed review of income pipeline and associated confidence levels for discussion alongside the Quarter 2 position.

Ms Dinwoodie left the meeting.

70/8 **BUSINESS DEVELOPMENT REPORT**

This report had been considered as part of item 70/7 (above).

Linda Ellison, Director of Finance, and Derek Douglas, Media Consultant joined the meeting.

70/9 **NQ CERTIFICATION**

i **NQ Certification**

Ms McCallum opened the discussion with an overview of the sequence of events on Wednesday 3 August and an update on the early findings. The Board debated the early release of text messages and stressed the importance for SQA to undertake a thorough investigation of the arrangements for texting results. It was agreed that the Executive would develop a letter in response to the Director of Learning, outlining a summary of the initial internal findings along with early actions going forward. A draft of this letter would be circulated to the Board for comment, before issue to the Scottish Government.

Dr Brown confirmed to the Board that all the results issued had been correct and that no candidate had gained any advantage or suffered any disadvantage as a result of the incident.

It was agreed to provide members of the Board with a holding line, in the event of any direct media contact.

Ms McCallum and Dr Stewart updated the Board on further matters that had arisen in relation to the Examinations Diet and assured the Board that these had been handled quickly and in full communication with the affected Centres. A 'lessons learned' exercise would be undertaken and appropriate actions identified as is normal practice post certification.

Whilst the occasion of these incidents was regrettable, the Board acknowledged that they were in the main isolated, and should not detract from the large scale operation and SQA's commitment to deliver accurate results and certificates to 160,000 candidates on Results Day.

The Board noted that a key feature of discussions that day had highlighted the issues and challenges presented by the evolving social media landscape. It was agreed that SQA would commission research into the implications of social media for SQA.

ii **Report from Certification Planning Group**

The Board noted the contents of the report

70/10 **CFE UPDATE**

The Board noted SQA's Highlight Report along with the most recent CfE management Board report, covering the period January to April 2011.

Ms Dinwoodie, Head of Finance, joined the meeting.

70/11 **FINANCE & CORPORATE GOVERNANCE**

i **Annual Statement of Assurance to the Board**

Mr Edgar presented the annual statement of assurance, which was offered to the Board in support of its consideration of the Annual Accounts.

The statement demonstrated to the Board the close scrutiny and rigour of the auditing function, which was paramount in governance terms, and detailed the various reports and assurances that had been considered by the Audit Committee. It was noted that Audit Scotland had provided an unqualified audit opinion on the financial statements of SQA for year ending 31 March 2010.

The Board noted the favourable content of the statement and the recommendation to approve the Annual Report and Accounts for the year ended 31 March 2011.

ii **Draft Annual Report and Account 2010-11**

Dr Brown introduced the Annual Report, confirming that it presented a high level and factual account of SQA's progress and achievements against the eight strategic goals of the 2010-13 corporate plan.

Ms Dinwoodie presented the Annual Accounts and highlighted the following matters of note:

- Bad debt provision had increased substantially in the period since 2009-2010. It was noted that this had been discussed at the Audit Committee, and that it had been satisfied that SQA had effective mechanisms in place to manage and monitor debt management.
- Audit Scotland had provided a clean audit opinion on the financial statements for the year ended March 2011.

At this point, Dr Brown advised the Board that in her capacity as Accountable Officer, she had been required to provide Audit Scotland with a letter of representation in connection with the Financial Statement for 2010-11. Audit Scotland had included a statement indicating SQA as a going concern during financial year 2011-12, and Dr Brown would forward this communication to the Director of Learning that week.

The Board formally endorsed the Annual Report and Financial Accounts for remit to the Scottish Government and the Scottish Parliament. The Chief Executive signed the Accounts in the presence of the Board.

iii **Draft Corporate Plan 2011-14**

Dr Brown presented the draft Corporate Plan for 2011-14, and thanked members for the feedback that had been provided. She was pleased to confirm that the suggested changes had been incorporated into the final version. These had included:

- A section early in the plan on the significant challenges being faced by SQA around the financial assumptions.
- A strengthening of the requirements to improve our financial systems and controls in supporting SQA to respond to the changing economic environment.
- A stronger message around generation of surpluses to ensure that SQA can sustain current provision as well as invest in new qualifications and services.

The Board approved the draft Corporate Plan for submission to the Scottish Government for Ministerial approval.

70/12 **COMMITTEE REPORTS**

i **Accreditation Committee – 7 March 2011**

The Board noted the contents of the minutes and that the meeting had focussed on discussion around the ability to deliver against budget cuts.

ii **Accreditation Committee – 7 June 2011**

Ms Wilkinson advised that the meeting had considered a very positive piece of research into Stakeholder perception of SQA Accreditation. The Committee had also discussed a position paper on a revised set of Common Conditions received from Ofqual, when it had been agreed to take forward and agree a compromise approach.

The minutes of the meeting would be included as part of the next Board papers.

iii **Advisory Council – 13 June 2011**

The minutes of the meeting were noted. The Board was pleased to hear of the appointment of five new members onto the Advisory Council.

iv **Audit Committee – 12 May 2011**

A verbal update had been provided at the previous meeting. The approved minutes were enclosed and noted by the Board.

v **Audit Committee – 27 July 2011**

A verbal update was provided and it was noted that the Audit Committee had requested a review and refresh of the QPR reporting format. The minutes of the meeting would be included as part of the next Board papers.

vi **International and Commercial Committee – 1 April 2011**

A verbal update had been provided at the previous meeting. The approved minutes were enclosed and noted by the Board.

vii **Qualifications Committee – 18 May 2011**

A verbal update had been provided at the previous meeting. The approved minutes were enclosed and noted by the Board.

viii **Qualifications Committee – 22 June 2011**

A verbal update was provided and the approved minutes would be included as part of the next Board papers.

70/13 **ANY OTHER BUSINESS**

Ms Ellison outlined the focus of her work going forward, highlighting that one of her main priorities would be to address the need for timely financial reporting to support the business.

There were no other matters raised for consideration.

It was formally recorded that this would be final meeting of the Board for both Prof Alex MacLennan, and Mr John McDonald. On behalf of the Board, the Chairman wished them both every success in the future.

PAPERS FOR NOTING

The Board noted the following reports.

- 1 **Shawfair Relocation Project Update**
- 2 **Advisory Council Annual Summary**
- 3 **Board Meeting Dates 2012**

The Board noted the dates for meetings of the Board in 2012 and that meeting locations would be advised in due course.

70/14 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 19 October 2011, in Esk/Forth, the Optima Building, Glasgow.