



Audit and Risk Committee (ARC) Minute of Meeting	
06 April 2020 1300hrs Skype Meeting	
Chair	Jayne Scott, Non-Executive Director
Present	Andrew Harvey, Non-Executive Director (via skype) Christine Martin, Non-Executive Director Tim Wright, Non-Executive Director
In attendance	Janet Egdell, Accountable Officer Head of Finance (SW) Deputy Head of Finance (EG) Lead Senior Internal Audit Manager, Scottish Government Internal Audit (SGIA) (IB) SG Internal Auditor (KM) SG Internal Auditor (LT) Senior Manager, Audit Scotland (AS) (MC)
Apologies	Julie Wardhaugh, Non-Executive Director Head of Risk and Information Governance (JMCC) EA to Corporate Director (JM) Head of Enterprise Risk Management (CI)
Secretariat	Head of Secretariat (LW)

1. Introduction, apologies and chairman's matters

1.1. The chair welcomed everyone to the meeting and noted this meeting had been arranged to review outstanding Internal Audit reports, however, in light of the current COVID-19 crisis, it was agreed it would be helpful to have more regular and shorter ARC meetings, rather than the usual quarterly meetings and therefore some wider business will also be discussed today. All attendees joined via skype due to the coronavirus lockdown situation.

1.2. A big thank you was extended to the Accountable Officer and EMT members for the rate at which they have responded to the COVID-19 crisis. The ARC extended a thank you for the regular updates, which have provided a lot of reassurance around the measures being taken and built confidence that the response is being actioned at a measured pace.

1.3. A warm welcome was extended to the two new SG internal Auditors and the new Audit Scotland Senior Audit Manager at their first RoS ARC meeting.

1.4. Apologies were received from those named above.

2. Declaration of interests

2.1. No new declarations of interest were made.

3. Matters not covered elsewhere on the agenda

3.1. No other matters were raised.

4. Minutes of previous meeting

4.1. The minutes of the meeting held on 10 February 2020 were accepted as a true record of the discussions held.

4.2. Action log

4.2.1. The Committee discussed the actions within the minute of 10 February and agreed the following:-

Action 1 - RoS Secretariat and Lead Senior Internal Audit Manager to liaise to arrange a conference call for the full Committee to review the remaining internal audit reports in advance of the April ARC meeting. Meeting to review audit reports taking place today – action closed.

Action 2 - SGIA will liaise with management to discuss how the provision of additional information on any anomalies highlighted in the follow up process can best be achieved. Remain Open – Internal audit will cover how the provision of additional information on any anomalies highlighted in the follow up process can best be achieved at committee meeting on 30 April.

Action 3 - The Lead Senior Internal Audit Manager to introduce the new audit team to EMT as soon as possible. Introductions between the new audit team and EMT are well under way and the new audit team members were on the call today. Action closed.

Action 4 & 5 - The Lead Senior Internal Audit Manager to add ARC meeting dates for expected submission of internal audit reports into the 2020 / 2021 plan. The Lead Senior Internal Audit Manager to update the draft plan to incorporate the Committee's feedback and provide more detail around scope. Internal Audit advised that they would review the draft internal audit plan at the meeting on 30 April – Remain open.

Action 6 - Head of Risk and Information Governance to consider adding additional management comments / information on controls in the assurance framework. It was agreed that an update on adding management comments / information on controls to the assurance framework would be provided at the meeting on 30 April – Remain open.

Action 7 - Secretariat to schedule a financial health deep dive at the April ARC meeting. Financial Health deep dive is being arranged for April. Action closed.

Action 8 - The Head of Enterprise Risk Management to investigate if the Committee can have direct access to the key risk register. Investigations are on hold given the current crisis. Remain open for an update at the appropriate time.

Action 9 - Secretariat will liaise with report writer to ensure the reference to the whistleblowing charity 'Public Concern at Work' is updated top 'Protect' on the report and all RoS platforms. Update on the whistleblowing action to be provided at the meeting on 30 April – Remain open.

Action 10 - Secretariat / Head of Risk and Information Governance to add 'fraud' to the key risk deep dive list for future consideration. Added to the deep dive list for EMT / ARC to consider an appropriate time for this to take place.

5. Internal audit reports

5.1. Financial Planning report

5.1.1 The Lead Senior Internal Audit Manager presented the financial planning report which provides an overall reasonable assurance and identifies two medium and one low level recommendation. The Committee noted that there is a comprehensive and reasonable process undertaken to gather the information and data needed to accurately calculate the Corporate Plan.

5.1.2 The Committee noted that the action target dates were written before the current COVID 19 crisis, and that some of these will require to be revised depending on staff resources and whether they can be delivered remotely. The Executive Management Team (EMT) and ARC will consider how this can be achieved.

5.1.3 The Committee noted recommendation 1, to implement a formal lessons learned review process for all significant income and expenditure Corporate Plan forecast to actual variances. It was acknowledged that while there is already good work undertaken in this area, there is some scope for improvement and that this work will link in with recommendation 2.

5.1.4 The Committee heard that the report reflects the high volume of recruitment undertaken last year and agreed that although all planned recruitment has been paused for now, that lessons learned should be incorporated into our processes in preparation for the next large recruitment drive.

5.2. Procurement & Accounts Payable report

5.2.1 The Lead Senior Internal Audit Manager presented the procurement and accounts payable report which provides an overall reasonable assurance and identifies 4 medium and 2 low level recommendations.

5.2.2 The Committee were reassured to hear that although there are a number of recommendations made, this was directly as a result of the large area covered by the audit and that this is a very positive report with many areas of good practice identified and clear management responses provided.

5.2.3 The Committee noted the findings at point 3.12 of the report regarding overdue purchase orders (POs), and requested clarification on the value associated with the entries where there are no receipt or partial delivery recorded. The Lead Senior Internal Audit Manager will provide this information to the Committee offline.

Action - The Lead Senior Internal Audit Manager will advise the Committee of the value associated with the PO entries where there are no receipt or partial delivery recorded.

5.3. People, Performance Management and Development report

5.3.1 The Lead Senior Internal Audit Manager presented the people, performance management and development report which provides limited assurance and identifies two high and four medium recommendations. Whilst the audit found some areas of good practice, there are overall concerns around the effectiveness of the controls in place resulting in opportunities for improvement. The Committee were disappointed to receive a limited assurance in this area once again, but were reassured to note the positive progress being made.

5.3.2 The Committee heard that the Senior Management Team (SMT) are considering how we use good quality conversations consistently across the business and to support managers to record these on the Performance and Learning (PAL) system.

5.3.3 The Committee noted that the action owners of most recommendations are a group, and agreed that although these groups are responsible for the implementation of the recommendations, it would be helpful for an accountable individual to be named for each. The Accountable Officer will discuss accountability with the Executive Management Team (EMT) and Secretariat will arrange for the responsible person to provide the Committee with an update at an appropriate time.

Action - The Accountable Officer will discuss accountability for the people, performance management and development report recommendations with the EMT and assign overall responsibility.

Action – RoS Secretariat to arrange for an update on the people, performance management and development recommendations to be provided by the appointed responsible person at an appropriate time.

5.3.4. The committee highlighted that they weren't comfortable with some of the management responses in this report and would be keen to see specific responses on how SMT/person named accountable will address both the issue of low completion rate and the quality of reviews being completed, which the ARC agreed are both important aspects which need addressed separately. The Accountable Officer agreed to take this away and follow up in the discussions with EMT regarding overall responsibility.

5.4. Internal audit days worked

5.4.1 The Committee noted the internal audit days worked. Two reviews from the 2019 / 2020 internal audit plan remain outstanding and it is hoped that these will be submitted to the 30th April ARC meeting, notwithstanding additional pressures due to the current COVID 19 situation.

5.4.2 The Committee thanked the Lead Senior Internal Audit Manager for the reports.

6. Internal Audit input during COVID 19

6.1 The Committee heard that SGIA have offered assistance during this ongoing period and EMT will seek their input where there are emerging risks and / or issues or new systems being developed.

6.1.1 The Committee heard that a lot of SGIA staff have been deployed to manage COVID 19 and they are looking at how to work in a live environment whilst still being responsive to day to day changes.

6.1.2 The Committee were reassured to hear this and agreed that this should be added to the 30th April agenda for further discussion however they would be happy to convene an additional ARC meeting before the end of April if EMT would find this to be helpful.

7. Any other competent business

7.1 The Senior Manager, Audit Scotland, provided an update on the progress of the interim audit management report and advised that has taken longer than it would have under normal circumstances but is still expected to be submitted to the 30th April ARC meeting.

7.1.1 The Committee heard that Audit Scotland continue to liaise with the finance team on the annual audit and accounts preparation, taking a flexible and pragmatic approach and keeping timescales and what is possible under review.

7.1.2 The Committee thanked the Senior Manager for the helpful update and look forward to receiving the report for the meeting on 30th April.

8. The meeting closed at 1435hrs. The Committee members remained on the call to discuss their effectiveness review and other private matters.

Date of next meeting:

Thursday 30th April 2020

1000hrs

Skype