



<b>Audit and Risk Committee (ARC) Minute of Meeting</b>	
<b>24 June 2020 1400hrs Skype Meeting</b>	
<b>Chair</b>	Jayne Scott, Audit and Risk Committee Chair
<b>Present</b>	Andrew Harvey, Audit and Risk Committee Member Christine Martin, Audit and Risk Committee Member Julie Wardhaugh, Audit and Risk Committee Member Tim Wright, Audit and Risk Committee Member
<b>In attendance</b>	Janet Egdell, Accountable Officer Head of Finance (SW) Deputy Head of Finance (EG) SG Senior Internal Audit Manager (KM) SG Internal Audit Manager (SGIA) (LT) Senior Manager, Audit Scotland (MC) Head of Risk and Information Governance (JMcC) Head of Enterprise Risk Management (CI)
<b>Apologies</b>	Audit Director, Audit Scotland, (AS) (GS)
<b>Secretariat</b>	Secretary to Audit and Risk Committee (JM)

## 1. Introduction, apologies and chairman's matters

1.1. The Chair welcomed everyone to the meeting and noted the apologies received from the Audit Director. Tim Wright was delayed but joined the meeting shortly after it began.

1.2 No new declaration of interests were made.

## 2. Matters arising

2.1 No other matters were raised.

## 3. Minute of meetings

3.1 The minute of the meeting held on 30th April 2020 was accepted subject to the following amendment:

*5.1.3 The Committee considered whether this draft report should have been presented as final given the ongoing discussions with management, and accepted the explanation provided in this instance. The Committee agreed that only final reports should **generally** be presented to meetings going forward **however noted that it may be necessary to present a draft report in certain instances.***

3.2 The minute of the meeting held on 19th May was accepted as a true record of the discussions held.

3.3 The Committee noted that the action log will be formally reviewed in the July meeting.

3.4 The Committee noted the omission of colleague names in the minute for transparency purposes, and agreed it would be helpful to be provided with a separate list of names and job titles for meeting attendees to refer to when reading minutes.

***Action – RoS Secretariat to provide ARC attendees with a list of names and job titles of ARC group members.***

#### **4. Internal audit update**

4.1 The Senior Internal Audit Manager provided a verbal update on the internal audit team structure and planned recruitment which will ensure stability within the team to support RoS.

4.2 The Committee noted the internal audit progress dashboard and heard that SGIA have met with the Accountable Officer and Head of Risk and Information Governance to agree the audit plan for Q2, and will meet again at the end of Q2 to review and agree the plan for Q3. The updated audit plan will be presented to the Committee at the July meeting together with the IT review final report. The Committee agreed that it is important to keep an audit trail of all changes to the plan and suggested that these should always be presented with track changes for Committee oversight and final approval.

4.3 The Committee were pleased to hear that SGIA have been liaising with RoS Secretariat and the RoS assurance service to develop a more robust process for following up on internal audit recommendations.

4.4 The Committee thanked the Internal Audit Managers for the helpful update and look forward to seeing the updated plan and IT final report in July.

#### **5. Annual report and accounts (ARA)**

5.1 The Senior Manager, Audit Scotland, provided a verbal update on the ARA and external audit progress. Both are progressing well however the Committee noted that as there is a four week gap between the July ARC and August board meetings, it would be helpful to delay the ARC review of the ARA and external audit by a few weeks if at all possible to allow sufficient time for these to be finalised.

***Action – RoS Secretariat to investigate the possibility of delaying the July ARC by a few weeks to allow sufficient time for the ARA and external audit to be finalised.***

5.2 The Committee heard that Audit Scotland's five year appointment as external auditor for RoS has been extended for a further year, and the Code of Audit Practice update consultation has also been paused due to the COVID 19 pandemic.

5.3 The Committee thanked the Senior Manager for the helpful update and extended thanks also to both Audit Scotland and the Finance team for their hard work to complete this in the current circumstances.

## **6. Assurance framework**

### **6.1 Key risk register**

6.1.1 The Head of Risk and Information Governance provided a verbal update on the assurance framework and key risk register progress. An updated draft framework and the full key risk register will be presented at the July ARC meeting for recommendation to the RoS Board in August. It is anticipated that the finalised assurance framework following RoS Board approval will be presented to the ARC and RoS Board meetings in November 2020.

6.1.2 The Head of Risk and Information Governance reassured the Committee of the good progress made in capturing other forms of assurance.

### **6.2 COVID 19 risks and issues log**

6.2.1 The Accountable Officer provided a verbal update on the COVID 19 risks and issues log. This has now been closed and all outstanding risks and issues have been assigned to the various work streams of the transition project.

6.2.2 The Committee were reassured to hear that establishing risk appetite is a fundamental part of the process of reviewing any new risks and that although this is being assessed significantly more, risk appetite has not changed in any of the current risks. The Committee were content that the assurance framework is a strong model which is being used well.

6.2.3 The Committee heard that how we measure organisational efficiency in the future will be a challenge as we move from our initial emergency response of acceptance of a downturn in efficiency, and stressed the need for a decision audit trail as this risk moves through the assurance framework.

## **7. Financial scenario planning**

7.1 The Accountable Officer and Head of Finance provided a verbal update on financial scenario planning. A full review of all budgets have been conducted with senior managers and all agreed interventions are being implemented, resulting in an improved income position and a likely reduced ask of Scottish Government (SG). Further cost saving measures such as a review of IT contracts, recruitment, and learning and development are also being looked at. SG finance are content with the work being done to review finance and keep them informed, as are the Economy, Energy and Fair Work Committee (EEFW).

7.2 The Committee heard that a fee review project has been set up with the Business Development Director as senior responsible officer (SRO), and the consultation is expected to launch at the end of summer.

7.3 The Committee considered how the housing market may recover from the pandemic lockdown and agreed it is as yet uncertain how this may affect intake levels. The Committee were pleased to hear that steps to address the arrear are being assessed in any modelling.

7.4 The Committee thanked the Accountable Officer and Head of Finance for the update.

## **8. Items for noting**

8.1 The Committee noted the Benefits end of year report 2019 / 2020.

8.2 The Committee noted the Civil Service Recruitment Commission audit, and in particular the high level of compliance obtained this year.

8.3 The Committee were pleased to see the good assurance provided by these two papers.

## **9. Any other competent business**

9.1 No other business was raised at the meeting.

## **10. Meeting close**

10.1 The meeting closed at 1506hrs.

10.2 The Committee agreed that verbal updates are a good format for interim meetings and are happy to assist with anything that arises between meetings should this be helpful.

10.3 Date of next meeting:  
20 July 2020  
1030hrs  
Skype