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| Audit and Risk Committee (ARC) Minute of Meeting 09 May 2023 1030hrs Hybrid meeting (St Vincent Plaza, Glasgow, and Microsoft Teams) | |
| Chair | Andrew Harvey, Audit and Risk Committee Chair |
| Present | Dónall Curtin, 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 |
| In attendance | Chris Kerr, Accountable Officer Head of Finance (EG) Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (CI) Head of Information Governance (AK) Senior Internal Audit Manager, (SG DIAA) (KM) Internal Audit Manager, Scottish Government Department of Internal Audit and Assurance (SG DIAA) (JMcC) Assistant Manager, Deloitte (PB) Corporate Director (BH) – <i>item 8.1</i> Head of IT Enablement (PC) – <i>item 8.1</i> Communications Manager (RH) – <i>item 9</i> Chief Data Officer (AH) – <i>item 11.2</i> |
| Apologies | Chief Finance Officer (HB) Enterprise Risk Manager (LH) Associate Partner, (PK) Deloitte Senior Manager (KW), Deloitte |
| Secretariat | Senior Executive Assistant to the Corporate Director (JM) |

1. Introduction, apologies, and chair's matters

1.1. The Chair welcomed everyone to the meeting and noted the apologies received as above.

2. Declaration of interests

2.1. No new declarations of interest were made.

3. Minute of meetings and outstanding actions

3.1 The minutes of the meetings held on 14 February 2023 and 31 March 2023 were accepted as a true record of the discussions held.

3.2 The Committee reviewed the outstanding action log and agreed:

Action 5171 - Engagement with the performance pages on the RoS website continues to be monitored and ARC will receive a report at the August BAU meeting. It was noted that the Land Reform Bill will be introduced into Parliament in the autumn and this will test acceptance of RoS Land Register completion approach with stakeholders. Action ongoing.

Action 5866 – ARC Chair and Keeper have agreed an appropriate governance arrangement in the event the ARC Chair is absent from a meeting of the Committee. To remain open until the ARC terms of reference is reviewed in the Autumn. Action ongoing.

Action 5867 - Feedback on the recent new ARC member induction programme is positive with no significant changes needed. Action closed.

Action 5869 – NXD members are currently being onboarded to the new NXD SharePoint site for document sharing. Action ongoing.

4. Matters arising not covered on the agenda

4.1 No other matters were raised.

5. Internal Audit

5.1. Annual Assurance Report 2022/23

5.1.1 Internal audit colleagues presented the annual assurance report 2022/23, which found an overall 'reasonable' assurance opinion.

5.1.2 The Committee noted the four unimplemented data management recommendations and heard that it was found that there had been insufficient work done to evidence implementation during the follow up review. Had they been superseded and therefore no longer required, they would have been noted as such.

5.1.3 The Committee was content to receive a 'reasonable' assurance opinion and note the report. The Internal Audit team was thanked for their hard work to complete the 2022/23 audit plan by the end of the financial year.

5.2 Audit and Risk Committee Progress Report 2023/24

5.2.1 Internal Audit colleagues presented the progress report 2023/24 which provided a summary of the work done to complete the 2022/23 internal audit plan and progress made on this year's plan.

5.2.2 The Committee noted the delayed Grow Our Own (GOO) and Business Continuity follow up reviews and reflected on the need to ensure that management responses are estimated accurately for completion times so that follow up review timings can be planned to realistic timescales. It was noted that the GOO follow up was delayed because of delays to the programme launch, however it will be a

Management priority this year to tighten this process. The Committee also agreed to reflect on this issue further at its effectiveness review later this year.

5.2.3 The Committee noted that whilst advisory reviews are not regularly presented to ARC meetings, it would be helpful to see indicative dates for these in the progress report for governance oversight. Julie Wardhaugh has recently attended an Audit and Risk Committee Chairs Network meeting where it was discussed that it was useful for Committees' to see these reports regularly, and the Accountable Officer agreed that this would be acceptable if ARC should find this helpful.

5.2.4 The Committee noted the report and thanked the Internal Audit team for the update.

6. External audit

6.1. Interim Management Update

6.1.1 The Assistant Manager, Deloitte, provided an oral update on the annual audit progress. Planning is well underway and testing will begin in June, with the audit on track for presentation to the August ARC meeting and laying in Parliament in September, following it having been reported to the June RoS Board earlier that month. Recruitment to replace the Audit Manager, and discussions with the finance team on the prior year adjustment issue are also progressing well.

6.1.2 The Committee thanked the Assistant Manager for the assurance received and trust that Deloitte and the finance team will highlight any issues if they should arise.

7. RoS Assurance Framework

7.1 RoS Assurance Framework 2023-2028

7.1.1 The Head of Information Governance presented the assurance framework update and highlighted that the deep dive schedule for 2023-24 has been updated following discussions at last week's Executive Management Team meeting. ARC feedback on a proposal to change the format of future framework papers was welcomed.

7.1.2 The Committee discussed the paper format and agreed that they find the level of detail provided in the report very helpful and would like this to remain. Also, that the full key risk register and summary of any changes remain in future iterations. Members agreed to send any further feedback directly to the Head of Information Governance via email.

Action – ARC members to email any feedback or suggestions for improvement on the format of the RoS Assurance Framework document to the Head of Information Governance.

7.1.3 The Committee noted some inconsistencies in the framework report with internal audit reporting of planned assurance reviews, and the Head of Information

Governance agreed to work with internal audit colleagues to ensure the alignment and clarity of future reporting.

7.1.4 The Committee noted the framework document and requested that the Head of Information Governance check the deep dive dates noted therein are correct.

Action – Head of Information Governance to check the deep dive dates noted in the RoS Assurance Framework are correct.

7.1.5 The Committee discussed the route to target updates and that all key risks are predicting a reduced risk scoring by the end of Q4 as work is delivered, and reflected that this is a big change over a relatively short period of time with a number of risks circulating around a core theme of organisational performance. The Committee was interested to see how this progresses over the coming year.

7.1.6 The Committee was content to approve the updated deep dive list and thanked the team for the helpful update.

7.2 Key Risk Register – Financial Review

7.2.1 The Head of Finance and Head of Enterprise Risk Management provided an oral overview of the financial review report key highlights.

7.2.2 The Committee reflected that there was little change from last year and agreed that the estimated range is reasonable. Reassurance was provided that any overlaps between risks are fully considered.

7.2.3 The Committee noted that, in the case of each significant risk identified, RoS's expectation is that Scottish Government would be responsible for funding as RoS no longer held reserves.

7.2.4 The Committee thanked all involved for a very helpful report which will provide the Board with good assurance.

7.3 IFRS 16 Implementation

7.3.1 The Finance Manager presented the IFRS 16 implementation paper which provided an overview of the controls in place over the reporting period and judgements identified in transition and in-year application.

7.3.2 The Committee heard that Deloitte colleagues are content with RoS approach at this time.

7.3.2 The Committee was content to the note the update provided and thanked the Head of Finance for the very clear paper.

8. Other forms of assurance

8.1 IR35 Working Group Update

8.1.1 The Corporate Director and Head of IT Enablement joined the meeting and provided an oral overview of the background to the IR35 working group update paper.

8.1.2 The Committee noted the new comprehensive assessment tool for all contingent worker acquisitions and suggested that there may be a possibility of conflict having the same supplier also provide the annual audits. This point was duly accepted by the team who will keep the situation under review. The Committee further suggested that it would be prudent to review all overheads to ensure cost v benefit efficiencies, and that consistency of reporting will be key to gauging progress.

8.1.3 The Committee discussed the Personal Service and Right of Substitution outlined in page 106 of the paper pack, and suggested that consideration should be given to ensuring this is consistently applied across all RoS policies.

8.1.4 The Committee thanked the Corporate Director and Head of IT Enablement for the very thorough and comprehensive update and noted the significant and encouraging progress made to date.

9. Draft Annual Report 2022/23

9.1 The Communications Manager joined the meeting to seek any further feedback on the draft annual report since the initial draft was shared with members by email circulation in April. All feedback will be incorporated for sharing at the June RoS Board meeting and with the Committee and RoS Board again thereafter as it is developed. The aim to make the report more concise and aligned to strategic objectives this year was also noted and welcomed.

9.2 The Committee reviewed the draft document and made the following suggestions:

- That more focus could be given around diversity and inclusion to convey the scale and ambition of our aims in this area.
- That the inclusion of a glossary would be helpful.
- To include links to the RoS website where appropriate rather than adding full narratives.
- That consideration be given to changing the word ‘better’ in the working title.
- That a single read through of the final draft by one person could be helpful, in ensuring consistency and removing any duplication of content.

9.3 The Communications Manager thanked the Committee for its helpful feedback which will be duly considered, and the Committee in turn expressed its grateful thanks to all involved in the development process.

10. ARC Effectiveness Review 2023

10.1 The Chair presented a proposal for the Committee to adopt the same approach as the last few years to this year’s annual effectiveness review, which was duly accepted by members. It was further noted that the RoS Board has no plans to conduct a more fundamental review of its effectiveness this year, but that ARC will follow a similar approach should this be planned in the future.

11. Outstanding Recommendations

11.1 Outstanding Recommendations Log

11.1.1 The Committee reviewed the outstanding recommendations log and was content to note those marked on track and agree those proposed to close.

11.2 Data Recommendations Update

11.2.1 The Chief Data Officer joined the meeting and presented an update on the remaining partially implemented recommendations from the Data Management Use and Storage audit, and sought agreement to close recommendations 2 and 4, and review the final two again in the August meeting. It was noted that it is expected that these will be completed by this date.

11.2.2 The Committee reflected that the internal auditors will not conduct a further follow up review of these recommendations and agreed that the Assurance Services should review the evidence that supported completion of each of the four actions, which would also provide assurance that the Accountable Officer is happy to recommend that ARC close the final two actions in August.

11.2.3 The Committee was content to close the completed recommendations two and four, subject to Assurance Service and Accountable Officer follow up as discussed.

11.2.4 The Committee received assurance that lessons learned from this have been taken on board and heard that these have been shared with Scottish Government to develop its data strategy. The Committee reflected that lessons learned and good practice could also be shared at the Scottish Audit Committee Chairs Network meeting attended by the Chair, and possibly, for inclusion in next year's Annual Report and Accounts.

12. Items for noting

The Committee noted the following items:

- 12.1 Finance update - to March 2023
- 12.2 Performance Reporting – April 2023
- 12.3 RoS Board Minute 13 Dec 22
- 12.4 Q4 Information Assurance and Governance report
- 12.5 Q4 Employment Law Report
- 12.6 PPG Forthcoming Matters Tracker
- 12.7 Annual Transparency Review
- 12.8 Key Policy Review
- 12.9 RoS and SGDIAA Memorandum of Understanding
- 12.10 Moveable Transactions Project – Health Check
- 12.11 Internal Audit Charter 2023/24
- 12.12 Internal Audit Strategy 2023/24

12.10.1 The Committee noted that there is an inconsistency in the review ratings reported in the Moveable Transactions Project report and Internal Audit progress

report, and the Accountable Officer agreed to investigate this with appropriate colleagues to ensure clarity.

Action - Accountable Officer to follow up with appropriate colleagues to investigate the inconsistency in rating reporting between the Moveable Transactions Project Health Check report and reference to this review in the Internal Audit progress report.

13. Any other competent business

13.1 No other business was raised.

14. Items for escalation to RoS Board

14.1 No items were highlighted for escalation to the RoS Board.

15. Meeting close

15.1 The meeting closed at

15.2 Date of next meeting(s):

Tuesday 11th July 2023 (check in meeting for Committee members and RoS colleagues only)

0930hrs

Microsoft Teams

Tuesday 8th August 2023 (BAU meeting)

1030hrs

Meadowbank House, Edinburgh (Chair will attend remotely)