



<p style="text-align: center;">Audit and Risk Committee (ARC) <b>Minute of Meeting</b></p> <p style="text-align: center;">13 August 2024 1030hrs Meadowbank House, Edinburgh</p>	
<b>Chair</b>	Andrew Harvey, Audit and Risk Committee Chair
<b>Present</b>	Christine Martin, Audit and Risk Committee Member Dónall Curtin, Audit and Risk Committee Member Julie Wardhaugh, Audit and Risk Committee Member Tim Wright, Audit and Risk Committee Member
<b>In attendance</b>	Chris Kerr, Director of Policy and Corporate Services and Accountable Officer James Gumble, Audit and Risk Committee Member Martin Ettles, Audit and Risk Committee Member Tabatha McCree-Cox, Audit and Risk Committee Member Chief Finance Officer (HB) Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (CI) Head of Information Governance (AK) Senior Internal Audit Manager (KM), Scottish Government Directorate for Internal Audit and Assurance (SGDIAA) Associate Partner (PK), Deloitte Senior Manager (LM), Deloitte Information Governance Manager (AS) ( <i>shadowing RIG</i> ) Head of IT Enablement (PC) ( <i>shadowing the Chair</i> ) Head of Policy and Legal (AG) ( <i>shadowing the Chair</i> ) Senior Communications Manager (HL) – <i>item 7.1</i> Head of Human Resources (JG) – <i>item 10.1</i> Senior Organisational Development Practitioner (JF) – <i>item 10.2</i>
<b>Apologies</b>	SW, Deloitte
<b>Secretariat</b>	Senior Executive Assistant to the Director for Customer and Business Development (JM)

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

1.1 The Chair welcomed everyone to the meeting and noted the apologies and guest attendees as above. A particular welcome was extended to the three newly appointed Committee members James Gumble, Martin Ettles and Tabatha McCree-Cox who attended as guests in advance of their first Committee meeting in November 2024. Introductions were made around the room for the benefit of all attendees.

1.2 The Chair announced that Dónall Curtin has been appointed as the new ARC Chair and Board member, taking over when Andrew steps down in summer 2025.

1.3 It was highlighted that a few of the guest slot attendees at today's meeting will join remotely, however this has been agreed by exception and attendance will be in-

person only going forward with deputies to be sent if required. This arrangement mirrors the requirements of the RoS Board.

## **2. Declaration of interests**

2.1 No new interests were declared.

## **3. Minute of meetings and outstanding actions**

3.1 The minute of the meeting held on 14 May 2024 was accepted as a true record of the discussions held.

3.2.1 The Committee reviewed the outstanding action log and agreed that the following actions are complete and should be closed:

**6156, 6165, 6377, 6378, 6379, 6381, 6382, 6442, 6443**

3.2.2 The Committee noted the updates for the following actions and agreed these should remain open:

**6163, 6383**

3.2.3 The Committee discusses the following actions:

**Action 6375** – The ARC deep dive guidance has been updated and shared with relevant colleagues. Action closed as complete.

**Action 6376** – ARC suggestion to have a rolling schedule of deep dives has been considered, however it was agreed that topics will be duly considered in line with the audit schedule and any arising issues. As such, a list of ideas for the 2025 deep dive schedule has been created. Action closed as complete.

**Action 6380** – The Committee discussed the timeline for the Cyber Attack Exercise and heard that this will be completed in Q2 now that the supplier procurement has concluded. The outcomes and lessons learned are expected to be reported to ARC in November 24.

## **4. Matters arising not covered elsewhere on the agenda**

4.1 None raised.

## **5. Internal Audit**

### **5.1 Audit & Risk Committee Progress Report 2024-25**

5.1.1. The Senior Internal Audit Manager introduced the progress report and key messages, which were taken as read. The 2024-25 plan remains on track with internal resource identified for the upcoming financial governance and IT change management assurance reviews. The financial review is in progress and will be reported to ARC in November. There were no issues of concern to bring to members attention today.

5.1.2 It was noted that the Interim SG Director of Internal Audit and Assurance has now been appointed to the role permanently, and the Internal Audit Manager who is currently on maternity leave will return to the team next year. The Committee noted the work done on Global Internal Audit Standards, which the Director of Internal Audit and Assurance will present to the next Audit and Risk Committee Chairs Network meeting. Reflecting on the outstanding action 6163 regarding the exploration of internal audit KPIs, the Committee's attention was drawn to the Directorate for Internal Audit and Assurance Annual Performance Report 2023-24 which has been remitted to the Scottish Government Audit and Assurance Committee (SGAAC).

5.1.3 The Committee was content to note the progress report.

## **5.2 Registration KPI Outcomes Final Report**

5.2.1 The Senior Internal Audit Manager presented the Registration KPI Outcomes report which was taken as read. An overall 'reasonable' assurance opinion was found with four medium recommendations made, two of which were not accepted by management. The Committee welcomed this challenge by management and, upon further exploration, was content that these recommendations had been fully considered. The importance of senior managers attending exit meetings was agreed, and in particular when recommendations were not accepted. Taking that approach would give the Committee further assurance.

5.2.2 The Committee reflected on the operational nature of the first recommendation, to review the 35 day KPI, and whilst it was content with the reason for rejection, suggested that it would have been helpful to see reference to mitigating controls in the management response. The cultural need to promote the understanding of the internal auditor's role, and that these KPIs are a goal and not a target was also discussed and agreed. It was further highlighted that the overall reported figure of 65% appeared to be incorrect.

5.2.3 The Committee noted the long action date (31/07/25) of the third recommendation, to review Registration reporting, and requested that an interim update be provided in February 25 to report on progress made to date. It was further noted that the action owner is yet to be confirmed, pending the appointment of the new Head of Data.

***Action – Accountable Officer to lead on providing an interim progress update on recommendation 3 of the Registration KPI assurance report, to review Registration reporting, to the February 2025 meeting and to ensure that the action owner is confirmed.***

5.2.4 The Committee highlighted that the management response for recommendation 4, to set up a lessons learned log, did not cover the full recommendation, and received assurances that all elements will be addressed by the RoS Policy team. The need to improve the capturing of lessons learned generally as part of a continuous improvement approach was agreed, and the Accountable Officer and ARC Chair agreed to explore this further with the Keeper with a view to reporting back to ARC at a future meeting.

***Action – Accountable Officer and ARC Chair to explore the need to improve the capturing of lessons learned generally as part of a continuous improvement approach with the Keeper, with a view to reporting back to ARC at a future meeting.***

5.2.5 The Committee was content to note the Registration KPI assurance report and thanked the internal audit team for their work on this audit.

## **6. External Audit**

### **6.1 Draft Letter of Representation 2023-24**

6.1.1 The Committee noted the draft letter of representation 2023-24.

### **6.2 Draft Annual Audit Report 2023-24**

6.2.1 Deloitte colleagues summarised the draft annual audit report 2023-24 key findings and conclusions and confirmed that it is expected that an unmodified audit opinion will be reported to the RoS Board in September. This is subject to the outstanding pension figures which are expected to be available at the end of August. It was highlighted that should this information be unavailable due to circumstances out with our control, Audit Scotland has confirmed that the report can be published without it, but with an appropriate annotation.

6.2.2 The Committee was delighted to hear that the audit process was very smooth this year and thanked the Finance and Deloitte teams for their hard work and collaboration. It was further delighted to hear that it is Deloitte's view that the Annual Report and Accounts is of particularly high quality and widely considered to be a leading example of best practice. The good relationship between internal and external auditors was also highlighted, with a commitment to meet more regularly agreed by both teams.

6.2.3 The Committee noted that a few of the indicators on the quality dashboard have moved from green this year, however received assurances that this is a very positive report overall and that there are no underlying concerns. It was suggested that it would be helpful to see a marked-up version of the dashboard in future reports to highlight any changes.

6.2.4 The Committee was content to recommend to the Accountable Officer that the annual audit report be remitted to the September RoS Board for sign off, subject to the outstanding pension figures.

## **7. Annual Report and Accounts**

### **7.1 Draft Annual Report and Accounts 2023-24**

7.1.1 The Senior Communications Manager joined the meeting to receive any further feedback on the latest draft of the Annual Report and Accounts 2023-24 and ask ARC to consider recommending this for final sign off at the September RoS Board meeting.

7.1.2 The Committee raised a few minor points for consideration, however expressed its sincere congratulations to the team for producing such an excellent report.

## **7.2 ARC Endorsement of Annual Report and Accounts**

7.2.1 The Committee agreed it was content to endorse the draft Annual Report and Accounts and recommend that the Accountable Officer remit to the September Board for final approval before signing, subject to the consideration of the minor points raised today.

## **8. RoS Assurance Framework**

8.1 The Head of Information Governance introduced the RoS Assurance framework paper which provided an update on key risk and assurance activity since the last ARC meeting which included a summary of the outcome of the 2023-24 Certificates of Assurance (CoA) exercise. This resulted in a 'reasonable' overall assurance opinion for each function and directorate, with no limited assurance opinions across any subject and a number of areas with a substantial assurance opinion.

8.2 The Committee raised a few procedural questions about risk ratings and controls, and also discussed the importance of fostering a culture which focuses on driving activities to make change rather than on monitoring risks, as well as again stressing the need to continuously learn from internal and external events.

8.3 The Committee thanked the team for a very helpful and concise paper and was content to note the information provided.

## **9. Audit and Risk Committee Business**

### **9.1 Draft ARC Annual Report to the Board 2023-24**

9.1.1 The Committee reviewed the draft ARC Annual Report to the Board and was content to approve as written. It was noted that the intention is to proceed with a Committee of four members, including the Chair, when the current Chair steps down next year.

### **9.2 ARC Effectiveness Review 2023-24**

9.2.1 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, but to take place in February 25 instead of November 24 once new members are settled into their roles. This was duly accepted by members; however, it was agreed that the ARC Chair and Secretary should review the SG handbook again for currency, and also that of other open sources to consider if any additional questions could be asked. It was further agreed that the most value is gained from asking the right questions and from answers to the free text questions.

***Action – ARC Chair and Secretary to review the SG handbook and other open sources to consider any additional questions to be added to the ARC effectiveness self-assessment checklist.***

***Action – ARC Secretary to stress that free text comments are welcomed when circulating the ARC effectiveness questionnaire to colleagues.***

9.2.2 It was further noted that the RoS Board has no plans to conduct a more fundamental review of its effectiveness (i.e. externally supported) this year, but that ARC will follow a similar approach should this be planned in the future. The ARC Chair and Keeper had agreed this approach.

## **10. Other Forms of Assurance**

### **10.1 IR35 Compliance – Annual Update**

10.1.1 The Head of Human Resources joined the meeting and introduced the IR35 Compliance annual update. The Committee was pleased to note the QDOS annual review outcome is that RoS is compliant with IR35 legislation.

10.1.2 The Committee discussed the external assurances provided by the QDOS annual review, and noted the summary of audit recommendations in the proposed remedial actions. It was highlighted that members would have expected this report to have had individual's names redacted before circulation.

10.1.3 The Committee discussed the QDOS service and received assurances of its value and cost effectiveness. It was noted that the RoS Board is fully sighted on the future workforce plans and any underlying reputational risks, and is due to receive an update at its September meeting. It was agreed that it would be helpful to hear the Board's feedback at the November ARC meeting.

***Action – ARC Chair to provide an oral update on the Board's future workforce discussions in September, at the November ARC meeting.***

10.1.4 The Committee thanked the Head of Human Resources for the helpful update and was content to note the QDOS audit report.

### **10.2 People Assurance Update – Performance Management**

10.2.1 The Senior Organisational Development Practitioner joined the meeting and introduced the people assurance update on performance management, which provided an update on actions completed following the internal audit in September 2023 and a general update on performance management activity at RoS. It was highlighted that the internal audit follow-up review is currently in progress with nothing of note to raise in the meantime.

10.2.2 The Committee reflected on the three mandatory pulse surveys this year and cautioned management on the potential for survey fatigue. The Committee reflected on discussions earlier in today's meeting around the narrative provided in free comments box providing the most meaningful data, and considered that enforcing

mandatory completion is unlikely to result in additional insights. The Accountable Officer reflected on some of the organisational challenges in encouraging completion of the pulse survey and thanked members for the helpful feedback which will be shared with EMT colleagues. The Committee agreed it would be happy to provide further input on this topic should EMT view this to be helpful.

***Action – The Accountable Officer to share ARC feedback on mandatory surveys with EMT colleagues, and to consider if further ARC input on this matter would be helpful.***

10.2.3 The Committee thanked the Head of Human Resources for the helpful update and was content to note the information provided.

## **11. Outstanding Recommendations Log**

11.1 The Committee reviewed the outstanding recommendations log and was content to note the updates for 146 and 155, marked as on track, and agreed to close 175 as proposed. No recommendations were tabled for discussion.

## **12. Items for noting**

12.1 The Committee noted the following items:

- 1) Finance Update
- 2) Performance Reporting
- 3) RoS Board Minute – 14/15 March 2024
- 4) PPG Annual Report 2023-24
- 5) Moveable Transactions Project – Health Check
- 6) Leadership Succession Planning Deep Dive Back Brief

## **13. Items for Information**

13.1 The Committee noted the following information items:

- 7) Q4 2023/2024 Information Assurance and Governance report
- 8) Q4 2023/24 Employment Law Report
- 9) PPG Forthcoming Matters Tracker

## **14. Any other competent business**

14.1 The Committee reflected on the internal assurances provided in the recent Information Security deep dive, however highlighted the need to build on the lessons learned by external organisations who have experienced cyber-attacks and undergone a cyber review. The Head of Risk and Information Governance agreed to explore a particular reported incident to understand where there may be any useful learning for RoS.

***Action – Head of Risk and Information Governance to explore a reported incident of a cyber-attack on an external organisation to understand where there may be any useful learning for RoS.***

**15. Items for Escalation to RoS Board**

15.1 The Chair advised of his intention to highlight today's discussions around lessons learned in the next ARC report to the RoS Board.

**16. Meeting close**

16.1 The meeting closed at 1307hrs. This was Chris Martin, Julie Wardhaugh and Tim Wright's last business meeting, with the upcoming September informal deep dive session their final meeting of the ARC. The Chair was joined by the Keeper to thank them all for their time and commitment to RoS over the last six years.

16.2 The next business meeting will be held on:

**12 November 2024  
1030hrs  
St Vincent Plaza, Glasgow**