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Audit and Risk Committee (ARC) **Minute of Meeting** 02 November 2020 1030hrs Skype Meeting	
Chair	Andrew Harvey, Audit and Risk Committee Chair
Present	Andrew Harvey, Audit and Risk Committee Member Tim Wright, Audit and Risk Committee Member Christine Martin, Audit and Risk Committee Member Julie Wardhaugh, Audit and Risk Committee Member
In attendance	Janet Egdell, Accountable Officer Chief Finance Officer (HB) Head of Finance (EG) Head of Risk and Information Governance (JMcC) Head of Enterprise Risk Management (CI) Audit Director, Audit Scotland, *(AS)* (GS) Senior Manager, Audit Scotland *(AS)* (MC) SG Senior Internal Audit Manager *(SGIA)* (KM) SG Internal Audit Manager *(SGIA)* (LT) Security and Information Risk Adviser (KG)
Apologies	Enterprise Risk Manager (LH)
Secretariat	Secretary to Audit and Risk Committee (JM)

1. Introduction, apologies, and chairman's matters

1.1   Andrew welcomed everyone to the meeting and noted the apologies received from the Enterprise Risk Manager. The Security and Information Risk Adviser attended as a guest.

2. Declaration of interests

2.1   No new declarations of interest were made

3. Minute of meetings and outstanding actions

3.1   The minute of the meeting held on 1st October 2020 was accepted as a true record of the discussion held.

3.2   The Committee reviewed the outstanding action log and agreed:

Action 4339 - The People and Change deep dive took place at the October meeting so this action can be closed.

Action 4347 - A new format outstanding issues log was presented under agenda item 8 so this action can be closed.

Action 4452 - Ongoing. A Microsoft 365 rollout pilot is currently underway, which will enable Committee access to RoS information and papers in due course.

Action 4453 - Proposed review dates were included in the updated internal audit plan under agenda item 5.1 so this action can be closed.

Action 4454 - Ongoing. Internal audit ToRs for Q3 will be in place as early as possible.

Action 4455 - Ongoing. Insufficient audit work completed by October 2020 to provide an interim audit opinion.

Action 4456 - The Head of Programme Office has been identified as owner of recommendation one in the IT projects governance audit report so this action can be closed.

Action 4457 - Updated IT projects governance audit report has been received and saved in ARC files so this action can be closed.

Action 4458 - RoS Assurance Service are tracking the findings from the COVID-19 advisory review so this action can be closed.

Action 4459 - Updated ARC report was submitted to August RoS Board meeting so this action can be closed.

Action 4460 - Updated assurance framework was submitted to August RoS Board meeting so this action can be closed.

Actions 4461 & 4490 - Key risk deep dive schedule was agreed at the October meeting so these actions can be closed.

Action 4491 - Committee members were notified of annual report and accounts and audit signoff so this action can be closed.

Action 4588 - Ongoing. Final internal audit reports will be shared with the Committee members in advance of the February 2021 paper circulation.

Action 4589 - Summary of COVID-19 work is included in the internal audit progress dashboard reports so this action can be closed.

4. Matters arising not covered on the agenda

4.1   No other matters were raised.

5. Internal Audit

5.1   **Progress dashboard and revised 2020 / 2021 plan**

5.1.1   The Senior Internal Audit Manager and Internal Audit Manager presented the progress dashboard and revised 2020 / 2021 internal audit plan. This is progressing well with all fieldwork due to be completed by the end of the financial year, and reports will be shared with the Committee members for comment as they are finalised and in advance of the meeting paper circulation dates.

5.1.2   The Committee were disappointed to note that the compensation report expected for today's meeting has been delayed and heard that this has happened as a result of annual leave over the October break. Scottish Government Internal Audit (SGIA) are confident of the timescales in the revised plan for all reports except perhaps the Payroll one which is due in May 2021, and the Committee suggested that planning meetings should be scheduled as early as possible.

5.1.3   The Committee heard that the financial governance and reclassification reviews are being conducted simultaneously for time efficiency, however these have separate terms of references (ToR) and will also be reported on separately. The Committee agreed that Public Key Infrastructure (PKI) should be included in these reviews and SGIA will ensure this is captured on future dashboard reports.

Action - SGIA to incorporate PKI into dashboard reports and ensure this is captured on future dashboard reports.

5.1.5   The Committee noted that the February meeting may need to be extended to ensure there is sufficient time to review the internal audit reports, particularly as the annual review of policies is scheduled to take place during the same meeting.

5.1.6   The Committee thanked SGIA for the helpful update and look forward to seeing the expected final reports in advance of the February meeting.

5.2.1   The Committee noted the internal audit days worked.

6.   External Audit

6.1   **Progress report 2020 / 2021**

6.1.1   The Audit Director presented the Audit Scotland progress report 2020 / 2021 which provided the Committee with an update on progress on the 2019 / 2020 audits and planning for the 2020 / 2021 audit cycle, together with an update on performance audit work programme refresh and a summary of COVID-19 response publications.

6.1.2   The Committee noted the plan for the 2020 / 2021 audit and that the Annual Audit Plan is expected to be presented at the February meeting.

6.1.3   The Committee heard that the challenges of remote working during this year has resulted in some improved audit processes for Audit Scotland which will continue for future audits.

6.1.4   The Committee noted the useful information contained in the COVID-19 eHub and in particular the guide for Audit and Risk Committees and were pleased to hear feedback from Audit Scotland that the RoS Committee is working well. Furthermore,

the Committee noted a helpful suggestion from Audit Scotland to keep the frequency of future meetings under review.

6.1.5   The Committee thanked Audit Scotland for the helpful report and look forward to receiving the Annual Audit Plan in February.

7.   Assurance framework

7.1   RoS assurance framework

7.1.1   The Head of Risk and Information Governance presented the RoS assurance framework paper which provided the Committee with an opportunity to review and approve the framework 2020 - 2025 and sought feedback in advance of presentation to the November RoS Board.

7.1.2   The Committee considered the lack of overall target position movement and heard that work is ongoing with EMT to refine these.

7.1.3   The Committee noted the changed position on the financial health risk and heard that this was reviewed after the cover paper was written so the change was not highlighted to the Committee due to a timing issue. The Accountable Officer will review the cadence of governance meetings and information sharing to the Committee to alleviate any reporting lags in the future.

Action - The Accountable Officer will review the cadence of governance meetings and information sharing to the Committee to alleviate any reporting lags in the future.

7.1.4   The Committee discussed the further assurance actions and agreed that this section should be further matured to capture the outcome of discussions held.

Action - The Head of Risk and Information will review the framework template to capture the outcome of discussions held around further assurance actions.

7.1.5   The Committee noted that ministerial oversight is the external assurance source for the ministerial target risk and suggested that EMT further consider any influence we may have on this and how do we assure ourselves other than through normal managerial processes.

7.1.6   The Committee noted the maximising use of RoS data opportunity and suggested that EMT further consider whether there are any internal or external means of assurance, and whether a deep dive in the future would be helpful.

7.1.7   The Committee thanked the Head of Risk and Information Governance for a very helpful paper which has focused the Committee's attention on key areas and enabled some good discussions.

7.2   **Risk management policy**

7.2.1   The Head of Risk and Information Governance presented the risk management policy following an annual review by the Executive Management Team (EMT). No material changes have been made to the policy and Committee feedback was welcomed in advance of review by the RoS Board.

7.2.2   The Committee suggested that the policy could be amended to highlight the responsibilities of RoS staff, similar to the transparency policy at 9.6 on the agenda '*all RoS staff and contractors must operate the various procedures and controls which facilitate the fulfilment of this policy in practice*' .

7.2.3   The Committee thanked the Head of Risk and Information Governance for the opportunity to review the policy and were content for this to be submitted to the November RoS Board meeting with their suggested amendment.

7.2.4   The Committee reiterated that the policies for review at the February meeting should be presented with tracked changes.

8.   **Outstanding Issues Log**

8.1   The Committee reviewed the outstanding issues log and agreed:

Finance system admin back up	Agreed extension request to 31/03/2021
Process doc and control enhance	Agreed extension request to 31/03/2021
Multi product team cost data	Agreed extension request to 01/04/2021
Performance reporting	Agreed to close as complete
Recruitment performance plan	Agreed extension request to 31/12/2020
Overdue outstanding POs	Agreed to close as complete
ASL approval levels	Agreed to close as complete
Contract performance management	Agreed to close as complete
Performance management routines	Agreed will remain on list as closed until SGIA follow up in April 2021 is complete.
Review calibration	On track to complete by 31/03/2021
APR process improvements	Agreed extension request to 31/03/2021
Controls & responsibilities	Agreed extension request to 31/03/2021. Noted that it is unclear from update if work has commenced.
Pal reports guidance	On track to complete by 31/02/2021
Governance arrangements	Agreed to close as complete
Financial management and value for money	Agreed to close as complete
Financial plan and accounting policies	On track to complete by 31/12/2020
Budget monitoring training	Agreed extension request to 31/03/2021
Finance team capacity	Agreed extension request to 31/03/2021
Financial planning	On track to complete by 31/03/2021
COVID 19 lessons learned	On track to complete by 31/03/2021
Land register completion	On track to complete by 31/03/2021
Workforce planning	On track to complete by 31/03/2021

8.2   The Committee noted the updates provided for the People and Change issues and agreed that although the team provided some assurance in the October deep dive, updates provided on specific recommendations did not provide sufficient context to enable the Committee to understand the progress made. Furthermore, the Committee agreed that a fuller update from the People and Change team would be welcomed for the May meeting as all recommendations are due to be met by the end of the financial year.

8.3   The Committee thanked RoS Secretariat for the work undertaken to collate the updates provided and for the new easy to follow format.

9.   Items for noting

9.1.   The Committee noted the finance update and heard that the data in future reports will be presented slightly differently with more emphasis on resource and funding shortfalls. A substantial update on this paper is being presented to the November RoS Board and this will be shared with Committee members following the RoS Board meeting.

Action - RoS Secretariat to share finance update to the November RoS Board with Committee members following the RoS Board meeting.

9.2   The Committee reviewed the KPI scorecard and heard that the increasing arrear is partly as a result of increased intake volumes and partly resourcing and productivity challenges. A new productivity workstream has been initiated to look at these issues.

9.3   The Committee noted the Investors in People report and heard that EMT are very pleased with the encouraging feedback from staff. Furthermore, there is an 81% response rate in the Civil Service People Survey so far (including contractors) and the feedback from this will assist with people and change objectives.

9.4   The Committee noted the key risk register extract and in particular the movement on financial risks.

9.5   The Committee noted the key risk deep dive schedule for 2021.

9.6   The Committee noted the transparency policy.

9.7   The Committee noted the RoS / SGIA memorandum of understanding (MOU) and highlighted an editing error in point 1.5, bullet 4 which refers to providing an advisory service to senior management within the Audit and Risk Committee which will require to be amended in future contracts, by removal of the reference to the Committee.

9.8   The Committee noted the Audit Scotland contract extension through to the audit of the 2021 / 2022 year with the Audit Director remaining as our auditor throughout this period.

9.9   The Committee noted the agreed meeting dates for 2021.

10.   Any other competent business

10.1   No other business was raised.

11.   Meeting close

11.1   The meeting closed at 1200hrs.

11.2   Date of next meeting:
        17 February 2021
        1030hrs
        Location TBC