



Audit and Risk Committee (ARC) Minute of Meeting 31 March 2023 0930hrs Microsoft Teams	
Chair	Andrew Harvey, Audit and Risk Committee Chair
Present	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) Internal Audit Manager, Scottish Government Department of Internal Audit and Assurance (SG DIAA) (JMcC) Associate Partner, Deloitte (PK) Assistant Manager, Deloitte (PB) Head of Communications and Marketing (NRH) – <i>item 2.1</i> Corporate Director (BH) – <i>item 2.2</i> Employee Relations Manager (SP) – <i>item 2.2</i> Head of Human Resources (MH) – <i>item 2.2</i>
Apologies	Dónall Curtin, Audit and Risk Committee Member Chief Finance Officer (HB) Senior Internal Audit Manager, (SG DIAA) (KM) Senior Audit Manager, (Deloitte), (KW) Enterprise Risk Manager (LH)
Secretariat	Senior Executive Assistant to the Corporate Director (JM) Executive Assistant to the Business Development Director (RB)

1. Introduction, apologies, and chair's matters

1.1. The Chair welcomed everyone to the meeting and noted the apologies received as above. A particular welcome was extended to Chris Kerr, who has taken over as Interim Accountable Officer from Janet Edgell. It was noted that Chris Kerr has a familial tie with a Deloitte audit partner and that he had recorded that matter on RoS' register of interests.

2. Internal Audit

2.1. Management Information assurance report

2.1.1 The Internal Audit Manager provided an oral overview of the Management Information assurance report key highlights. The review provided an overall substantial assurance rating and identified one medium recommendation, which is already proposed as complete.

2.1.2 The Committee heard that management was delighted to receive a substantial rating, and that work on the recommendation was completed by the time the report was received as this had already been planned.

2.1.3 The Committee reflected on previous external audits where Audit Scotland commented that there was room for improvement in this area, and was delighted to see such a fantastic achievement as a result of colleagues' hard work. The Committee asked that its sincere thanks be passed to everyone involved.

2.2 **Absence Management assurance report**

2.2.1 The Internal Audit Manager was joined by the Corporate Director, Head of HR, and Employee Relations Manager to provide an oral overview of the Absence Management assurance report key highlights and receive any questions. The review provided an overall substantial rating with three medium recommendations made.

2.2.2 The Committee heard that management was delighted to receive a substantial rating and welcomed the very helpful assessment and findings. It was noted that some of the work to meet the recommendations was already planned at the time of the review and is underway.

2.2.3 The Committee noted recommendation three – further centralised analysis – and highlighted that the action to be taken is not reflective of the recommendation made and therefore could be difficult to track. It was agreed that the management team and Internal Audit Manager revisit this action to ensure alignment.

Action – Corporate Director, Head of HR, Employee Relations Manager and Internal Audit Manager to revisit recommendation three of the absence management assurance report to ensure the action taken aligns with the recommendation made.

2.2.4 The Committee reflected on the challenges of absence management in a hybrid working environment, and heard of the work being done to develop our hybrid working approach which will be explored further in a deep dive session with RoS and Committee members later this morning. It was noted that SGDIAA colleagues are also working on an advisory review of our hybrid working approach.

2.2.5 The Committee noted the organisational aim to achieve fewer than seven average working days lost (AWDL) which aligns with Scottish Government and other public sector organisations. The Committee agreed the need to review this and other key metrics with the Executive Management Team (EMT) on an annual basis.

2.2.6 The Committee was again delighted to see another positive report and thanked SGDIAA colleagues for two great reports to end the audit year. Grateful thanks were also extended to the management team for the absence management report which is reflective of the good work done being done throughout the organisation and in Human Resource and Organisational Development (HROD) in particular.

3. External audit

3.1. Annual audit plan 2022/23

3.1.1 Deloitte colleagues presented an oral overview of the annual audit plan 2022/23 key messages, timeline and approach. Three significant risks have been identified for assessment during the audit and an initial assessment has found there is likely to be a need for a prior year adjustment in the 2021/22 annual report and accounts. Furthermore, some unexpected resourcing issues have arisen and are being mitigated, and there are no concerns at this stage that statutory requirements will not be met.

3.1.2 The Committee noted the wider scope requirements of the annual audit and heard that minimal time will need to be focused on areas where there is already sufficient audit assurance in place.

3.1.3 The Committee reflected on the anticipated prior year adjustment re the valuation of MBH and the ongoing discussions around the likely impact as information arises, and agreed that it will be important to fully understand the reasons for the differing view from Audit Scotland.

3.1.4 The Committee noted that the recommendation that an accounting paper on the implementation of IFRS 16 be presented to ARC, and agreed that Chris Kerr and Finance colleagues should decide how and when this will come and who will lead on this.

Action – Chris Kerr and Finance colleagues to agree an appropriate approach and timing for a paper on the implementation of IFRS 16 to be presented to ARC.

3.1.5 The Committee was content to note the annual audit plan 2022/23.

4. Meeting close

4.1 The formal meeting closed at 1025hrs. Internal and external audit colleagues left the meeting, and the Committee and RoS colleagues continued to conduct informal deep dives into hybrid working and HR function.

5 Date of next meeting:

Tuesday 9th May 2023 (BAU meeting)
1030hrs
St Vincent Plaza, Glasgow