



Audit and Risk Committee (ARC) Minute of Meeting 09 November 2021 1030hrs Microsoft Teams Meeting	
Chair	Andrew Harvey, Audit and Risk Committee Chair
Present	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) Finance Manager (LD) Enterprise Risk Manager (LH) Head of Enterprise Risk Management (CI) Head of Internal Audit (SG DIAA) (KM) Deputy Director of Internal Audit and Assurance (SG DIAA) (JIJ) Internal Audit Manager (SGD IAA) (LT) Audit Director, Audit Scotland, (AS) (CG) Head of People and Change (SW) – <i>item 5.2</i> Head of Organisational Development (LMcG) – <i>items 5.2 & 8.1</i> Chief Data Officer (AH) – <i>item 5.3</i> Colleague Experience Manager (CD) – <i>item 8.1</i>
Apologies	Head of Risk and Information Governance (AR) Senior Auditor, Audit Scotland (AS) (CT)
Secretariat	SEA 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.

1.2 It was noted that the Committee conducted a fraud deep dive and participated in a 2024+ options workshop at its un-minuted check-in meeting on 28th September 2021.

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 20th August 2021 was accepted as a true record of the discussions held.

3.2 The Committee reviewed the outstanding action log and agreed:

Action 4638 – Ongoing. Opportunities where ARC members can add value will be discussed at the upcoming effectiveness review meeting.

Action 4822 – Ongoing. Implementation of the existing recommendations will be tested in the Payroll follow up review scheduled for Q3 and reported to the Committee subsequently.

Action 4825 – Ongoing. Outputs of a financial risk review will be brought to the May 2022 ARC meeting.

Action 4863 – An example of Service Alignment Team (SAT) reporting in practice has been shared with the Committee members so this action can be closed.

Action 4905 – Ongoing. A retrospective exercise on this year's Annual Report and Accounts process is underway and will be reported to the Committee subsequently.

Action 4906 – Ongoing. An overview of the Work in Progress (WiP) position will be brought to the February 2022 ARC meeting.

Action 4907 – A summary extract of the key risk register has been shared with ARC so this action can be closed.

Action 4908 – Certificate of Assurance outcomes are included in the November framework paper so this action can be closed.

Action 4909 – A proposed schedule for ARC key risk deep dives is included in the November framework paper so this action can be closed.

Action 4910 - Ongoing. HoF and CFO will present RoS Statement of Financial Position (Balance Sheet) to February 2022 ARC meeting.

Action 4911 – Outstanding recommendations log proposal has been accepted so this action can be closed.

4. Matters arising not covered on the agenda

4.1 The Chair updated the Committee following an action arising from the September RoS Board meeting to discuss with the Keeper further improving links between ARC and the Board. This meeting has now taken place and the outcome will be brought back to both groups for discussion. The Committee will reflect on this at its upcoming effectiveness review. The latest approved RoS Board minute is included in today's papers and the approved minutes of future Board meetings will be included in future ARC packs, for noting.

5. Internal Audit

5.1 Internal Audit Progress Report 2021-2022

5.1.1 The Head of Internal Audit provided an oral overview of the progress report key highlights. Good progress has been made against the plan, which is anticipated to be completed as expected, and the Committee was content to note the report as written.

5.2 HR Management Development Programme Final Report

5.2.1 The Head of People and Change and the Head of Organisational Development joined the meeting to receive questions on the HR Management Development Programme final report which was taken as read. The report provides a reasonable assurance rating with two high and one medium recommendations made.

5.2.2 The Committee noted the recommendation and response around clear governance arrangements and considered how learning from this Programme can be used to determine the future corporate governance approach in respect of similar projects. The Committee heard that learnings have already determined a project approach to the current Administrative Officer (AO) recruitment campaign and the Accountable Officer agreed to further review whether current practices have changed as a result.

Action - Accountable Officer will review whether current governance practices have changed as a result of learnings from the HR Management Development Programme.

5.2.3 The Committee noted the work with an external consultant to evaluate feedback and understand longer term impacts, and considered whether the Programme has delivered sufficient value against costs. The Committee heard that the Programme had not reached the final evaluation phase when the audit was conducted as this was out of scope, however work is underway with the internal benefits team to understand its value, and participant feedback received is that the content was relevant and helpful. The Committee agreed that that it would be helpful to see the outcome of this evaluation as an 'other form of assurance' when complete.

Action – Head of People and Change and Head of Organisational Development to present the final benefits evaluation of the HR Management Development Programme as an 'other form of assurance' when this work is complete.

5.2.4 The Committee discussed whether senior management expectations were fully met and heard that the ongoing evaluation work and planned audit follow-up will address any concerns and delivery expectations.

5.2.5 The Committee noted that qualitative data referred to in point 3.4.1 was unable to be verified and heard that whilst a survey of line managers to assess their own improvement would have provided this data, such feedback is being gathered through multiple lenses.

5.2.6 The People and Change colleagues thanked the internal audit team for the learnings arising from this report, particularly around early communications with stakeholders and will be engaging with senior management to explore this issue further.

5.2.7 The Committee thanked the teams involved for their support with this audit and look forward to seeing the full evaluation outcome at a future meeting.

5.3 Data Management: Use/Storage and Governance of Data Final Report

5.3.1 The Chief Data Officer joined the meeting to receive questions on the Data Management final report, which provides a reasonable assurance rating with three high and five medium priority recommendations. The Committee was reminded of the agreed scope and that auditors were asked to review key areas where improvement recommendations were expected. The Chief Data Officer welcomed the findings and reiterated the work already underway by the Project team to address known gaps.

5.3.2 The Committee recognised the breadth of the Data Licensing project and the need to keep the audit scope tight, but considered that the management response needed to be strengthened by the addition of clear actions and target dates for completion whether in phases 1.5 or 2. The Accountable Officer and Chief Data Officer agreed to revisit the response and action plan and circulate the revised version by email by 30 December 2021, ahead of review at the February meeting. Furthermore, the Committee agreed that clear target dates should be included in all future assurance reports as good practice for ARC governance.

Action – The Accountable Officer and Chief Data Officer will revisit the Data Management report management responses and action plan to add further clarity around actions and target dates and circulate to the Committee by 30 December 2021.

5.3.3 The Committee noted the highlighted need for standard processes and data licenses and heard of the Project challenges in this space. Phase 1.5 of the project will focus on standardising previously bespoke licenses and removing access to old data.

5.3.4 The Committee thanked the teams involved for their support with this audit and look forward to seeing the revised management responses and action plan in due course.

6. External audit

6.1 The Audit Director, Audit Scotland, advised the Committee that the Annual Report and Accounts (ARA) for 2020-2021 were successfully signed at the September RoS Board meeting. It is hoped that the audit plan for 2021-2022 will be ready for the February ARC meeting and discussions begin in December to consider how all necessary content can be included in next year's report as succinctly as possible.

6.2 The Committee thanked the Audit Director for the update, was pleased to hear of early engagement in next year's ARA process and look forward to receiving the draft audit plan in due course.

7. Assurance Framework

7.1 RoS Assurance Framework 2021-2026

7.1.1 The Enterprise Risk Manager provided an oral overview of the RoS Assurance Framework 2021-2026 key highlights and changes made since the last report.

7.1.2 The Committee noted the increase in current risk response priority scoring for key risk 8 since the last report, and the roadmap of technical control improvements for 2021-2022 and beyond to target gaps and bring this scoring down. The Committee look forward to seeing the findings of an ADARMA report on the recent cyber incident scenario exercise at the February meeting.

7.1.3 The Committee noted the changed overall risk position as a result of recent changes to key risks 7 and 8, and heard that the Executive Management Team (EMT) is comfortable with risk mitigation processes and assurance monitoring measures. EMT will be reviewing next year's audit plan to identify those key risks where focus should be prioritised and where audit or advisory activity could help achieve targets. The Committee suggested that further consideration should also be given to identify those key risks where there is increased urgency.

7.1.4 The Committee noted the Certificate of Assurance (COA) responses at annex 3 and the changed process for 2020 to improve assessment of assurance controls. The Committee was interested in gaining a deeper understanding of the process followed and agreed that Julie Wardhaugh and the Enterprise Risk Manager will discuss this offline and bring further insights to the February meeting.

Action - Julie Wardhaugh and the Enterprise Risk Manager to discuss the COA process offline and bring further insights to the February meeting.

7.1.5 The Committee reflected on the need to consider when it is appropriate to remove a risk from the register and agreed that the Scottish Government Risk Management Guide provided as a paper for noting is a helpful resource to help identify any improvements in current processes.

7.1.6 The Committee thanked Enterprise Risk colleagues for the opportunity to review and comment on the RoS Assurance Framework 2021-2026, noted the addition of two additional advisory reviews to the internal audit plan or work and agreed the deep dive schedule proposed by EMT.

7.2 Risk Management Policy

7.2.1 The Head of Enterprise Risk Management presented the Risk Management Policy paper, which invited the Committee to review the draft policy and provide advice to EMT and the RoS Board in order to complete the annual review for 2021.

7.2.2 The Committee considered the draft policy and had no suggested changes for EMT and RoS Board consideration.

8 Other forms of assurance

8.1 Investors in People (IIP) overview

8.1.1 The Head of Organisational Development and the Colleague Experience Manager joined the meeting and provided an oral overview of the key highlights in the recent overview paper to EMT.

8.1.2 The Committee was delighted to hear of the achievement in attaining gold accreditation this year and that EMT will be considering whether to aim to sustain gold or strive for platinum in Corporate Plan discussions over the next six months.

8.2 National Fraud Initiative (NFI) overview and self-assessment checklist

8.2.1 The Head of Finance presented the key highlights of the NFI overview and self-assessment exercise for 2020-2021. The exercise allows RoS and other public bodies to act if any fraud or error has taken place, and auditors to assess fraud prevention arrangements within those bodies.

8.2.2 The Committee noted that although there were no achievements of fraud investigations identified for publication (annexe A, point 9), there are controls and processes in place should there be any in future.

8.2.3 The Committee was pleased to note the very positive 2020-2021 exercise outcome and agreed, as outlined in the overview, that it would be helpful to be invited to provide input prior to the 2022-2023 exercise and receive the final report thereafter. This has been added to the ARC agenda planner.

9. Outstanding Issues Log

9.1 The Committee reviewed the outstanding issues log and agreed:

- To note all the recommendations in yellow with a status of 'on track'.
- To close all complete recommendations in green with a status of 'propose to close'.
- UID 79 – Content to close on the basis that RoS is moving away from the Performance and Learning (PAL) system. The Committee agreed the importance of ensuring learning from this recommendation is applied to future systems and processes.
- UID 122 – Content to approve extension request to 31 December 2021 to enable completion.

9.2 The Committee was content to approve the proposed changes to the spreadsheet format and presentation going forward and thanked the Enterprise Risk Manager for her work to improve this. The Committee agreed that the spreadsheet is now very clear and focussed, and there is no requirement for a cover paper in the future unless the Enterprise Risk Manager would find it helpful to provide some further context.

10. Items for noting

10.1 The Committee noted the following items:

- Finance update
- KPI scorecard – Sept 2021

- ARC meeting dates 2022
- RoS Board minute 08 June 2021

10.2 The Committee noted the following items and welcomed the offer made by SG DIAA colleagues to receive deeper insight of these at a future meeting. The Accountable Officer and Head of Enterprise Risk Management agreed to consider this further.

- Risk Management – The Scottish Government Guide
- Directorate of Internal Audit & Assurance Quarterly Bulletin
- EY Thought Leadership Considerations for DIAA

Action – Accountable Officer and Head of Enterprise Risk Management to consider appropriate content and timing for deeper oversight of the three supplementary papers provided for noting by SG DIAA.

11. Any other competent business

11.1 No other business was raised.

12. Meeting close

12.1 The meeting closed at 13.05. The Chair thanked all attendees for their participation and looked forward to the February meeting where it is hoped we can meet in person.

12.2 Date of next BAU meeting:
Tuesday 8th February 2022
1030hrs