Audit and Risk Committee (ARC) **Minute of Meeting** **30 April 2020** **1000hrs** **Skype Meeting**	
Chair	Jayne Scott, Audit and Risk Committee Chair
Present	Andrew Harvey, 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 Head of Finance (SW) Deputy Head of Finance (EG) Lead Senior Internal Audit Manager, Scottish Government Internal Audit *(SGIA)* (IB) SG Internal Audit Manager *(SGIA)* (LT) Audit Director, Audit Scotland, (*AS*) (GS) Senior Manager, Audit Scotland (MC) Head of Risk and Information Governance (JMcC) Head of Enterprise Risk Management (CI)
Apologies	Tim Wright, Audit and Risk Committee Member SG Senior Internal Audit Manager (KM)
Secretariat	Secretary to Audit and Risk Committee (JM)

1.   Introduction, apologies and chairman's matters

1.1.   The chair welcomed everyone to the meeting and noted the apologies received from Tim Wright and the Senior Internal Audit Manager.

1.2   A warm welcome was extended to the newly appointed Audit Scotland Audit Director at his first RoS ARC meeting following the previous Audit Director's appointment to Auditor General for Scotland. The Audit Director has been working to ensure a smooth transition and deliver a consistent approach and is looking forward to working with RoS.

2.   Minutes of previous meeting

2.1.   The minutes of the meeting held on 6th April 2020 were accepted as a true record of the discussions held, subject to the reference to Non-Executive Directors titles being amended to Audit and Risk Committee Members.

2.2.   **Action log**

2.2.1. The Committee discussed the outstanding action items on the agenda:

Action 4069 - Benefits realisation of domains is included in the future key risk deep dive list so this action can be closed.

Action 4102 - Ongoing. Management agreement of SGIA recommendations will be included in audit reports going forward but agreed this action should stay open until complete.

Action 4261 - Proposals for addressing anomalies in the SGIA follow up process were discussed under item 4.1. This action can be closed as progress will be monitored under a new agreed action.

Actions 4263 & 4264 - Ongoing. 2020 / 2021 plan is now subject to review in light of COVID response.

Action 4265 - Proposals for additional controls in the assurance framework were included in the paper discussed and agreed at item 8.2 so this action can be closed.

Action 4267 - Investigations regarding the Committee having access to the live key risk register are on hold given the current crisis and should remain as an open action for an update at an appropriate time.

Action 4268 - Whistleblowing charity has been updated on all RoS platforms so this action can be closed.

Action 4269 - Fraud has been added to the key risk deep dive list so this action can be closed.

Action 4337 - Information on purchase orders has been provided to the Committee so this action can be closed.

Action 4338 - The Head of People and Change has been appointed as overall responsible person for the recommendations made in the People, Performance Management and Development report so this action can be closed.

Action 4339 - Ongoing. The Head of People and Change to provide an update on the recommendations made In the People, Performance Management and Development report at an appropriate time.

3.   Matters not covered elsewhere on the agenda

3.1.   No other matters were raised.

4.   Internal audit input during COVID 19

4.1   Internal audit progress report 2019 / 2020

4.1.1   The Lead Senior Internal Audit Manager presented the internal audit progress report 2019 / 2020. The annual audit plan is largely completed in full with one final review expected to commence very shortly.

4.1.2   The Committee noted the Parliamentary Accountability advisory review to the Keeper. Whilst it is accepted that such reviews are not usually shared with the Committee, it is expected that any particular concerns would be highlighted in the regular update reports.

4.1.3   The Committee noted the proposal for the ongoing tracking of internal audit recommendations and considered the options presented, but agreed that the most suitable way forward would be for SGIA and RoS to review the outstanding issues log on a monthly basis to ensure accuracy.

Action - SGIA to develop a proposal for conducting a monthly review of the outstanding recommendations for consideration at a future meeting.

4.2   **Desktop review of new IT access process**

4.2.1   The Committee noted the targeted desktop review of the new IT access process and welcomed SGIA feedback. The Committee noted that this was a very comprehensive piece of work carried out in a short timeframe.

4.2.2   The Committee considered a better format for providing information on ad-hoc work undertaken during the COVID 19 period and welcomed the suggestion for SGIA to provide a dashboard style highlight report to each meeting.

Action - SGIA to provide a dashboard highlight report on ad-hoc work undertaken during the COVID 19 period to each Committee meeting.

4.2.3   The Committee thanked everyone involved in this excellent piece of work.

5.   Internal audit

5.1   **Workforce planning report**

5.1.1   The Lead Senior Internal Audit Manager presented the workforce planning report which provides an overall reasonable assurance opinion and identifies one medium recommendation. Whilst a number of good practice examples were found, there was some concern raised around the overall strategic nature of workforce planning.

5.1.2   The Committee heard that the report has been partially accepted by management who are discussing the actions required to resolve this issue. The Head of Risk and Information Governance will clarify the management response and responsibility for delivery, and will liaise with SGIA to bring this back to the Committee.

Action - The Head of Risk and Information Governance will clarify the management response in the workforce planning report and liaise with SGIA to bring this back to the Committee.

5.1.3   The Committee considered whether this draft report should have been presented as final given the ongoing discussions with management, and accepted the explanation provided in this instance. The Committee agreed that only final reports

should generally be presented to meetings going forward however noted that it may be necessary to present a draft report in certain instances.

5.1.4   The Committee thanked the Senior Lead Internal Audit Manager for the report.

5.2   Annual assurance report 2019 / 2020

5.2.1   The Senior Lead Internal Audit Manager presented the annual assurance report which provides an overall reasonable assurance opinion. The Committee were pleased to note the positive engagement with senior management reported during the year.

5.2.2   The Committee noted the internal quality assessment referred to in point 7.3 and heard that RoS work undertaken has been included in this process. The Committee would be interested in seeing the results of this and SGIA will bring this to a suitable Committee meeting when they become available.

Action - SGIA to provide the results of the internal quality assessment to a suitable Committee meeting when they become available.

5.2.3   The Committee were asked to consider the most appropriate time in audit terms of reference (ToR) development for them to be consulted, and agreed this should be carried out informally via email and when the ToR is close to being finalised.

5.2.4   The Committee thanked SGIA and RoS colleagues for all the work undertaken to achieve this level of assurance.

5.3   Internal audit days worked

5.3.1   The Committee noted the internal audit days worked in the progress report which was discussed under item 4.1.

6.   External audit

6.1   Interim management report 2019 /2020

6.2   The Audit Director presented the interim management report 2019 / 2020 which concluded that appropriate and effective controls were in place in the financial system with no significant issues raised. Two less significant issues were discussed with management and addressed. The Audit Director thanked the Head of Finance and his team for their cooperation and assistance during the course of the audit, which were duly reciprocated.

6.3   The Committee noted that there may be some revisions to the delivery timetable due to the ongoing COVID 19 situation and that this will become clearer once the audits commence. The Committee agreed that a verbal update on progress from Audit Scotland for the next few meetings would be very helpful.

Action - RoS Secretariat to add Audit Scotland verbal update for the next few meetings to the agenda planner.

6.4   The Committee noted that they are also in a period of transition as Andrew Harvey will take over as Chair when Jayne Scott stands down on 31st August 2020, and agreed that a handover meeting with the Audit Director would be helpful.

Action - Audit Director, Jayne and Andrew to arrange a handover meeting before 31st August 2020.

7.   Annual report and accounts

7.1   **2019 / 2020 draft annual report and accounts**

7.1.1   The Accountable Officer presented the draft annual report and accounts and thanked the Committee members for the feedback already provided to date. The Communications Officer joined the meeting to receive the following additional feedback:

–   Suggestion made to ensure we provide a suitable level of detail to satisfy the requirements of both the legal professional readers and the general public.

–   Suggestion made to have a dedicated section on COVID 19 front and centre of the document, setting out the risks and impacts, and only refer to this elsewhere in the report where absolutely necessary.

7.1.2   Audit Scotland agreed to review the level of detail contained in the report and will gather some best practice advice on addressing COVID 19 in annual reports.

Action - Audit Scotland to provide feedback on the level of detail contained in the annual report to suit our audiences, and gather some best practice advice on addressing COVID 19 impacts and risks.

7.1.3   The Communications Officer thanked the Committee for their helpful feedback.

8.   Assurance framework

8.1   **COVID 19 risk, issues and opportunities log**

8.1.1   The Accountable Officer presented the COVID 19 risk, issues and opportunities log which has been developed to sit aside the key risk register and assist with the next few months planning. This is a live document which will also be shared in the upcoming risk workshop.

8.1.2   The Committee reviewed the log and suggested that staff welfare be more prevalent in this to capture the good work being undertaken by management in this area.

8.1.3   The Committee thanked the Accountable Officer for the clear and comprehensive log and agreed that this a very effective way of capturing this information, to ensure that we do not lose sight of anything we may wish to continue with in the future.

8.2   **RoS assurance framework**

8.2.1 The Head of Risk and Information Governance presented the assurance framework and asked the Committee to consider the recommendations made therein. A full refresh of the assurance framework to include COVID 19 will be presented to the July meeting.

8.2.2 The Committee noted the financial key risks will likely change following the risk workshop in light of our recent reclassification and the current pandemic.

8.2.3 The Committee noted the deep dive list and agreed that it is difficult to set dates for these just now but will review this again after the risk workshop.

8.2.4 The Committee were content to approve the proposed recommendations to align the terminology of the key risk register and assurance framework, and to provide ARC with an annual report of the internal control checklist (ICC) assurance opinions to coincide with the annual governance statement.

8.2.5 The Committee thanked the Head of Risk and Information Governance for the report and look forward to seeing the further improved assurance framework and annual report as agreed. The Committee requested that the detail of any improvements made to the assurance framework since the last meeting be included in each report going forward.

Action - The Head of Risk and Information Governance to consider how best to include detail of any improvements made to the assurance framework in the ARC reports.

9.   **Outstanding issues log**

9.1   The Committee reviewed the outstanding issues log and agreed as follows:

Promotions policy	Noted request for further extension to 30 June 2020. Action owner to revisit the original recommendation and provide clarity on the work done in relation to the specific issue that was originally raised. Accountable Officer to ensure this is closed by the next review date.
HMRC contingent liability	Agreed to close as complete
Finance system admin back up	On track to complete by 31/05/2020
Process doc and control enhance	On track to complete by 31/08/2020
UCM process automation	Agreed to close as complete
Multi product team cost data	Agreed to extend to 31/08/2020
Openness and transparency	Approved extension to Nov 20 but noted that it is hoped that this may be completed before then.
Performance reporting	Agreed to extend to 31/08/2020
Business transformation plan	Agreed to close as complete
Enhance monthly reporting	On track to complete by 31/07/2020
Enhance MI feedback	Agreed to close as complete

9.2   The Committee noted that it would be helpful if the outstanding issues were consecutively numbered and asked RoS Secretariat to consider how this can be done.

Action - RoS Secretariat to consider how best to number the outstanding issues.

10.   Items for noting

10.1   The Committee noted the finance update.

10.2   The Committee noted the KPI scorecard.

11.   Any other competent business

11.   None raised.

Date of next meeting:
Tuesday 19th May 2020
1000hrs
Skype