

Audit and Risk Committee (ARC)
Minute of Meeting

10 May 2022
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) Enterprise Risk Manager (LH) Head of Enterprise Risk Management (CI) Head of Risk and Information Governance (AR) Senior Internal Audit Manager, Scottish Government Department of Internal Audit and Assurance (SG DIAA) (KM) Internal Auditor (SG DIAA) (PZ) Senior Audit Manager, Audit Scotland (KM) – <i>attended until item 7</i> Senior Auditor, Audit Scotland (CT) – <i>attended from item 6</i> Senior External Communications Manager (JG) – <i>item 8.1</i> Head of Talent and Enablement (LM) – <i>item 8.2</i> Learning and Development Manager (CB) – <i>item 8.2</i> Communications Officer (KM) – <i>item 9</i>
Apologies	Internal Audit Manager (SGDIAA) (JMc) Audit Director, Audit Scotland (CG)
Secretariat	Executive Assistant to the Business Development Director (BG) 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.

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 10 May 2022 was accepted as a true record of the discussions held, however it was noted that the action under point 7.1.2 has been omitted from the action log and will now be added for tracking purposes.

3.2 The Committee reviewed the outstanding action log and agreed:

Action 4638 – It was agreed at the ARC effectiveness review that the existing opportunities and avenues for Committee members to add value are sufficient and the Accountable Officer will continue to consider any opportunities. Action closed.

Action 4825 – Ongoing. Outputs of the Financial Risk Review is tabled on the May ARC agenda and the outcome will be reported to the RoS Board thereafter.

Action 4906 – The Work in Progress (WIP) deep dive was brought forward and took place on 29th March. Action closed.

Action 4980 – Governance around the current leadership development programme has been reviewed and is found to have been robust. The Executive Management Team (EMT) will receive quarterly progress updates going forward. Action closed.

Action 4981 – The Management Essentials evaluation is tabled on the May ARC agenda and has been shared with EMT. Action closed.

Action 5070 – Ongoing. Planning for the ARC Terms of Reference (ToR) review is underway, and a small working group is being established.

Action 5071 – The Accountable Officer and Internal Auditors have agreed an approach to include more detail at an earlier planning stage to steer internal audit ToRs. Action closed.

Action 5072 – The Committee agreed the proposal for each member to be appointed to provide input on individual draft ToRs for upcoming reviews. Action closed.

Action 5073 – Presenters will be made aware of ARC requirements in advance of deep dive sessions to ensure presentations and papers link to key risks and controls. Action closed.

Action 5074 – The ARC Chair has advised SGDIAA that there is no scope to change ARC meetings sequencing given the impact on RoS reporting cycles. Action closed.

Action 5075 – The WiP deep dive was brought forward to March 29th. Action closed.

Action 5076 – Ongoing. The Committee was content with the proposal for Policy and Practice Group (PPG) and ARC linkage to be considered as part of the upcoming ToR review.

Action 5077 –The People and Workspace project is embedding best practice within hybrid working which will cover whether any temporary process changes during the COVID-19 pandemic should be made permanent. Action closed.

Action 5078 –. The Head of Secretariat has reviewed the ARC / EMT 1:1 3-month trial and the Committee agreed with the proposed approach to move to a quarterly meeting recurrence. Committee members will continue to receive monthly updates from the Keeper and can request a meeting with relevant EMT members should there be anything in particular they would like to discuss. Action closed.

Action 5079 –The Accountable Officer is content with the sequencing of the IR35 deep dive and internal audit, and the deep dive discussion will help shape the internal audit ToR. Action closed.

Action 5080 – Ongoing. RoS is still awaiting sign off from Royal Mail and Ordnance Survey (OS) to facilitate updating third party data licences and the Accountable Officer will consider potential fraud risks as part of those updates.

Action 5081 – The Head of Risk and Information Governance has provided the Information Security Governance (ISG) heat map dashboard for the May ARC meeting, and will be submitted quarterly going forward. Action closed.

Action 5082 – A suite of learning and support materials is available to colleagues via RoS's wellbeing microsite on RoSnet. The Business Continuity Programme will identify key individuals who will be provided with additional support in the event of a cyber security attack. Action closed.

Action 5102 – An IR35 progress update has been added to the agenda planner for the July informal ARC meeting. Action closed.

Action 5103 – Ongoing. The WiP deep dive paper and presentation has been shared with Audit Scotland colleagues and further information has been shared with Julie Wardhaugh, with a follow up discussion to be arranged.

4. Matters arising not covered on the agenda

4.1 No other matters were raised.

5. Internal Audit

5.1. Annual Assurance Report 2021-2022

5.1.1. The Senior Internal Audit Manager provided an oral overview of the annual assurance report for 2021-2022 which reports an overall reasonable assurance opinion. The Committee noted that Registers of Scotland (RoS) was closer to substantial assurance than limited and was content with this position, which supported its own observations.

5.1.2. The Committee discussed whether RoS should aspire to reach substantial assurance for a future year but agreed that substantial assurance is a relatively rare position that may be quite difficult to sustain over a number of years and that the investment required to achieve such a status may not be proportionate to the risk improvement.

5.2. Progress Report 2022-2023

5.2.1 The Senior Internal Audit Manager provided an oral overview of the progress report key highlights. The Committee noted that a new Internal Audit Manager and Internal Auditor have been appointed to lead on the delivery of the audit plan.

5.2.2 The Committee noted the internal audit follow up activity progress and asked for clarification on the cyber resilience document access issue which led to Internal Audit believing that it was unable to verify evidence in this area. The Accountable

Officer informed the Committee that this was an isolated incident involving a particularly sensitive IT risk register that management did not wish to leave the RoS domain for cyber security reasons, however the document in question was presented to internal auditors during a Teams meeting

5.2.3 The Committee agreed that while it understood the sensitivities in this instance, that management should report any such future concerns to ARC to seek its advice and input.

5.2.4 The Committee noted the Grow our Own (GOO) and Procurement reports both due for August, and heard that both are currently on track. Dates for the Procurement audit will be defined in the upcoming planning meeting scheduled for 25th May.

5.2.5 The Committee noted the Internal Audit ARC progress report as written.

5.3. Business Continuity Planning Report

5.3.1 The Accountable Officer and Head of Enterprise Risk Management provided the Committee with the opportunity to ask questions on the Business Continuity Planning (BCP) report which found an overall limited assurance rating and identified one high and four medium recommendations.

5.3.2 The Committee expressed surprise to receive a limited assurance rating given RoS positive response to the COVID crisis, however welcomed the clear and reactive management responses to address the recommendations made.

5.3.3 The Committee noted the low response rate for RoS colleagues to the questionnaire issued to key stakeholders named in BCPs and suggested it would be interesting to establish the reason behind this in slower time.

5.3.4 The ARC Chair reported that the Keeper has invited him to be involved in an exercise to identify which services should be prioritised for support in the event of an incident.

5.3.5 The Committee thanked Internal Audit colleagues for their help with this work.

6. External audit

6.1. Annual Audit Plan 2021-2022

6.1.1. The Senior Audit Manager presented the key points of the 2021-2022 annual audit plan and the Committee noted that there have been no significant changes since the plan was circulated on 22 March except the addition of the workplan.

6.1.2. The Committee noted that this is the final year of Audit Scotland's appointment and it is hoped that the new RoS auditor will be confirmed soon.

6.1.3. The Committee was content to note the annual audit plan and was pleased to hear that good progress is being made with accounts preparation.

6.2. 2021-2022 Interim Audit Management Letter

6.2.1 The Senior Audit Manager provided an oral overview of the Interim Audit Management Letter which summarises the audit work completed during the 2021-2022 interim audit. The Committee noted that Audit Scotland reviewed the design and implementation of controls within the main financial systems and concluded that there were no significant issues.

6.2.2 The Committee was pleased to hear that RoS demonstrated good engagement with the National Fraud Initiative (NFI) process and all matches from the 2020-21 exercise have been investigated by RoS with no frauds or errors identified.

6.2.3 The Committee thanked the Head of Finance and the wider Finance team for their hard work to achieve such a good result.

6.2.4 The Committee heard that the ARC Chair is meeting with the Auditor General to gain further understanding of the wider audit landscape.

7. Assurance Framework

7.1 RoS Assurance Framework 2022-2027

7.1.1. The Enterprise Risk Manager provided an oral overview of the RoS Assurance Framework 2022-2027 key highlights and changes made since the last report.

7.1.2. The Committee was pleased to note the changes in assurance opinion for key risk 4 (Land Register Completion Ministerial Target 2024) and key risk 5 (Public Trust in the register) as this highlights an increase in ministerial engagement activity and support of our corporate plan.

7.1.3. The Committee noted that the full Key Risk Register (KRR) has not been included in the paper pack this time, and agreed that although the infographics are helpful, these should be presented alongside the full register at future meetings.

7.1.4. The Committee noted the changes to the key risk deep dive schedule and heard that the Assurance Service is facilitating an EMT workshop in May to consider options for potential new deep dives and other assurance opportunities.

7.1.5 The Committee thanked Enterprise Risk colleagues for the opportunity to review and comment on the RoS Assurance Framework 2022-2027, noted the changes to the KRR and agreed the deep dive schedule proposed by EMT.

7.2 Business Continuity Policy

7.2.1 The Head of Enterprise Risk Management presented the draft business continuity policy providing the Committee with the opportunity to consider and advise EMT and the RoS Board in order to complete the review, approval, and adoption of the policy.

7.2.2 The Committee welcomed the opportunity to provide feedback on the draft policy and considered it to be focused on individual function plans so suggested this be amended to reflect an organisation wide approach. Also, that further clarity be added around the Enterprise Risk Management roles and responsibilities.

Action – Head of Enterprise Risk Management to incorporate the Committee feedback into the draft BCP in advance of submission to the June Board meeting for comment.

7.3 Key Risk Register – Financial Review

7.3.1 The Chief Finance Officer and Head of Enterprise Risk Management provided an oral overview of the Key Risk Register – Financial Review.

7.3.2 The Committee noted that cyber resilience is one of the main financial risks to RoS with a best estimated cost of between £1m to £5m, and was interested in the comparison with the Scottish Environment Protection Agency (SEPA) who advised that the 2020 cyber-attack cost it over £5m. The Head of Enterprise Risk Management informed the Committee that the RoS estimated figures are reasonable as SEPA is considered our closet benchmark. He stated it is almost impossible to quantify the financial impact of a cyber-attack.

7.3.3 The Committee noted the financial review of the key risk register for 2022-23 and was content to recommend to the Board that the Committee should review this annually going forward. The ARC Chair thanked the Chief Finance Officer, Head of Enterprise Risk Management and their teams for carrying out the review

8. Other forms of assurance

8.1 MSP Survey 2021 - Key messages

8.1.1 The Senior External Communications Manager joined the meeting to provide a high-level overview of the key messages from the MSP Survey 2021.

8.1.2 The Committee was pleased to note that 69 MSPs agreed to take part in the survey and the headline figures were broadly positive with an improvement against the 2019 figures in most areas.

8.1.3 The Committee thanked the Senior External Communications Manager for the update and agreed that the positive survey results reflect the effort that RoS has been putting into MSP engagement.

8.2 Management Essentials Evaluation

8.2.1. The ARC Chair welcomed the Head of Talent and Enablement and the Learning Development Manager to the meeting to receive questions on their paper which highlights the outcomes of the external Management Essentials evaluation carried out by Connect Three against the programme objectives.

8.2.2 The Committee was pleased to note that since it last discussed this evaluation the outstanding objectives have been fulfilled and most programme objectives have been achieved.

8.2.3 The Committee suggested that it could be interesting for the Learning and Development team to consider benchmarking the evaluation results against other delivery bodies.

8.2.4 The Committee thanked the Head of Talent and Enablement and the Learning Development Manager for the update and was pleased to see such positive outcomes.

9 Draft Annual Report 2021-22

9.1 The ARC Chair welcomed the Communications Officer to the meeting to provide the Committee with a further opportunity to discuss and provide feedback on the draft annual report 2021-22.

9.2 The Committee thanked the Communications Officer for her input in reflecting the ARC feedback from last year's report and agreed that this year's draft is very clear and concise.

9.3 The Committee observed that objective one: 'Complete Scotland's Land Register by 2024' focuses on the arrear rather than land register competition and suggested that further context should be added for clarity.

9.4 The Committee noted that any further comments should be sent to the Communications Officer by 12 noon on 11 May and looks forward to seeing the finalised annual report at the August ARC meeting.

10. ARC Effectiveness Review

10.1 ARC Effectiveness Review 2022

10.1.2 The Committee was content to agree the proposal for the 2022 annual effectiveness review.

10.2 ARC Effectiveness Review 2021 Outcomes

10.2.1 The Committee noted the outcomes of the 2021 ARC effectiveness review and heard that the paper will be noted at the RoS Board.

11. Outstanding Recommendations Log

11.1 The Committee reviewed the outstanding recommendations log and agreed:

- To note all the recommendations in yellow with a status of 'on track'.
- To discuss the 5 recommendations in orange with a status of 'propose extension as follows:'

UID	Recommendation	Agreement reached
97	Alignment of operational and strategic risks	Extend to 30 September pending receipt of follow up assurance report
109	Organisation wide understanding of finance requirements, reporting, data and terminology	Agreed to close as all recommendations are met
129	Data licensing – phase 2	Extend to 30 June to allow completion ARC noted the need for further clarity around individual action progress.
130	Data licensing – phase 1.5	Extend to 30 June to allow completion
134	Information Asset Register Issue	Extend to 30 June to allow completion

12. Items for noting

The Committee noted the following items:

- Finance update – April 2022
- KPI scorecard – March 2022
- RoS Board minute December 2021
- Information Assurance Governance Report
- Information Security Management System (ISMS) Progress Update
- Register of Controlled Interest (RCI) Beta Assessment Results

13. Any other competent business

13.1 No other business was raised.

14. Items for escalation to RoS Board

14.1 The Committee noted that the Scottish Government Internal Annual Assurance Report 2021-2022 will be remitted for noting to EMT Corporate Governance.

15. Meeting close

15.1 The meeting closed at 13.40. Andrew Harvey thanked all attendees for their participation and looked forward to the August meeting at Registers of Scotland, Meadowbank House.

15.2 Date of next BAU meeting:
Tuesday 09 August 2022, 1030hrs