



<p>Audit and Risk Committee (ARC) Minute of Meeting</p> <p>14 November 2023 1030hrs</p> <p>St Vincent Plaza, Glasgow, and Microsoft Teams</p>	
Chair	Andrew Harvey, Audit and Risk Committee Chair
Present	Dónall Curtin, Audit and Risk Committee Member 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, Director of Policy and Corporate Services and Accountable Officer Chief Finance Officer (HB) Financial Accountant (JW) Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (CI) Head of Information Governance (AK) Senior Internal Audit Manager, (SG DIAA) (KM) Assistant Manager, Audit & Assurance, Deloitte (KH) Policy Officer (GOO) (AM) - <i>guest</i> David Blair, Director of Customer and Business Development - <i>guest</i> Martin Burns, Director of Digital, Data and Technology – <i>guest</i> Head of People and Change (SW) – <i>items 5.2 & 3</i> Head of Organisational Development (ND) – <i>items 5.2 & 3</i> Head of Talent and Enablement (LMcG) - <i>items 5.2 & 3</i>
Apologies	Senior Manager (KW), Deloitte Associate Partner, Audit & Assurance (PK), Deloitte Manager, Audit & Assurance (FM), Deloitte
Secretariat	Senior Executive Assistant to the Director of Customer and Business Development (JM)

1. Introduction, apologies, and chair's matters

1.1 The Chair welcomed everyone to the meeting and noted the apologies and guest attendees as above. A particular welcome was extended to two new Executive Management Team members and introductions were made around the room.

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 08 August 2023 was accepted as a true record of the discussions held.

3.2 The Committee reviewed the outstanding action log and agreed:

Action 5869 – NXD SharePoint site has been launched and feedback received from NXDs will be taken forward over the next quarter. Action ongoing.

Action 6088 – ISA 260 management responses have been updated following discussions with Deloitte. Action closed.

Action 6089 – A Privileged Access Management security service is being delivered to provide assurance against our privileged credential management. Any exceptions to the policy going forward will be considered by the Information Security and Assurance Group. Action closed.

Action 6090 - Draft ARC annual report to the Board was agreed by members following the August ARC meeting and submitted to the September Board. Action closed.

Action 6091 – ARC Terms of Reference was agreed by members following the August ARC meeting and submitted to the September Board. Action closed.

4. Matters arising not covered on the agenda

4.1 No other matters were raised.

5. Internal Audit

5.1. Audit & Risk Committee Progress Report 2023-24

5.1.1 The Senior Internal Audit Manager provided an oral overview of the progress report key messages. The 2023-24 plan progresses on schedule and the terms of reference for the Hybrid Working and Culture review, planned for Q3/4, are currently being agreed. It was highlighted that work to mitigate internal audit resourcing challenges is underway, however this may impact on planning and delivery for next year's programme. The final element of the 2023-24 plan would be delivered by SG DIAA's co-sourced partner firm.

5.1.2 The Committee discussed the completed Climate Change advisory review and understood that whilst advisory reviews are not generally submitted to ARC, members would be interested in seeing this report. The Accountable Officer agreed that this can be shared with ARC members out of Committee.

Action – Assurance Service / ARC Secretary to share the Climate Change advisory review report with ARC members out of Committee.

5.1.3 The Committee noted the summary of internal audit follow up activity and heard that a few 'partially implemented' findings have been added to the Outstanding Recommendations Log for discussion later in the meeting.

5.1.4 The Committee was content to note the report.

5.2 Worker Remuneration Final Report

5.2.1 The Head of People and Change, Head of Organisational Development, and Head of Talent and Enablement joined the meeting for the Worker Remuneration and Performance Management final reports discussions. The Worker Remuneration report found an overall 'substantial' assurance opinion with two medium recommendations made which have been accepted by management and are being actioned. Furthermore, a number of examples of good practice were identified.

5.2.2 The Committee reflected on the limited assurance rating in the 2021 Payroll review and was very pleased to see such a clear improvement in this subsequent report which is reflective of a great team effort. The clear outcome and management responses were also welcomed. Management's delight on receiving this rating was also expressed. The Committee asked that its thanks be conveyed to those responsible for this area of work at RoS.

5.2.3 The Committee reflected on recommendation one to produce clearer, cross-enterprise, desk notes in relation to contingent workers and heard that management is keen to resolve this issue by March 2024, if not sooner. The organisational approach to contingent workers was discussed and noted, with IT recognised as having the largest contingent workforce.

5.2.4 The Committee queried whether the January 2024 target date is achievable for the recommendation around appropriate access permissions and heard that this issue will be resolved through the People and Change area migration to SharePoint which was already scheduled to take place by this date.

5.3a Performance Management Final Report

5.3a.1 The Senior Internal Audit Manager presented the Performance Management report key messages. An overall 'reasonable' rating was found with three medium recommendations made, all of which have been accepted by management and are being actioned. Furthermore, a number of examples of good practice were identified.

5.3a.2 The Committee was pleased to hear that the People and Change team welcomed the timing of the review, which provided an independent sense check as it coincided with the introduction of changes to RoS' performance management approach.

5.3a.3 The Committee was impressed with the quality of the report, management responses and the level of assurance provided, and invited the People and Change team to share a progress update at the May or August 2024 ARC meeting, as the team feel is most appropriate.

Action – Head of People and Change and Head of Organisational Development to provide a Performance Management progress update at the May or August 2024 ARC meeting, as is most appropriate.

5.3b Performance Management and Development – EMT Paper

5.3b.1 The Committee noted the recent EMT paper on Performance Management, which provides evidence of the management responses and subsequent actions arising from the internal audit review.

5.3b.2 The Committee noted the pulse survey pilot referred to in point 12 of the paper and heard that the results have led to questions being refined to gain greater insight into the manager's understanding of their role and responsibilities in future surveys. It was highlighted that a People's Manager Charter will be introduced to provide sufficient clarity to managers.

5.3b.3 The Committee reflected on previous discussions around survey fatigue and suggested that sampling of objectives and conversations would also provide important data. It was agreed that a flavour of all learnings and feedback will be demonstrated at the planned progress update to ARC next year.

5.3b.3 The Committee thanked the team for providing sight of the EMT paper which demonstrates the quality of the work being undertaken, however reflected on the importance of finding the right balance between effectiveness and a gold standard process.

6. External Audit

6.1 Progress Update

6.1.1 The Assistant Manager, Deloitte, provided an oral progress update. Internal feedback sessions to review this year's audit process with Deloitte and key RoS stakeholders are taking place and will be concluded soon. Planning for the 2023/24 audit is underway and this plan will be presented to the February ARC meeting alongside a joint lessons paper. Fieldwork is expected to start in June 2024 and there is no suggestion from Audit Scotland or Deloitte of any known issues that may affect the timeline.

7. RoS Assurance Framework

7.1 RoS Assurance Framework 2023-2028

7.1.1 The Head of Information Governance provided an oral overview of the RoS assurance framework 2023-2028 key highlights.

7.1.2 The Committee noted two new key risk deep dives into security risk function and leadership succession planning which have been added to the deep dive schedule following discussions with EMT, and reflected on discussions in its recent effectiveness review session where it was agreed there is a need for further clarity from EMT on the focus and aim of deep dives. This will be followed up as part of the effectiveness review outcomes, however it was highlighted that further clarity on the EMT ask for the deep dives planned in March 2024 will be required to ensure effective

planning. The Committee also suggested that some further thought be given to the timing of the leadership succession planning deep dive to ensure maximum impact.

7.1.3 The Committee highlighted that the EMT sponsors on the key risk deep dive schedule are out of date and should be updated to reflect the new EMT structure.

Action – Head of Information Governance to update the EMT sponsors on the key risk deep schedule to reflect the new EMT structure.

7.1.4 The Committee noted that target dates have been delayed in a few of the key risks and heard that this is to accommodate an agreed shift in priority. The Committee agreed that whilst target dates can be changed in this manner, stressed the importance of assessing and reflecting on decisions made to ensure these are robust. The Committee suggested that the team should review the target dates ahead of the February ARC meeting and provide an update within the Framework report.

7.1.5 The Committee noted the change in reporting mechanism for key risk 8 and was reassured to hear that an update on this change will be included for the February meeting. The Committee welcomed the regular updates provided across all of the key risks.

7.1.6 The Committee noted that key risk 2 has been recalibrated to provide a more accurate assessment as it was previously underscored. An explanation of the reasoning behind this reassessment was provided and the Committee agreed this to be a fairer reflection of the risk.

7.1.6 The Committee thanked the team for the helpful report and was content to note it.

7.2 Risk Management and Business Continuity Policies Annual Review

7.2.1 The Head of Enterprise Risk Management introduced the Risk Management and Business Continuity policies annual review paper which was taken as read.

7.2.2 The Committee discussed the Business Continuity Policy and heard that individual team plans are reviewed and tested annually on a rolling cycle. Planning for an organisational resilience scenario exercise will soon be underway and the Committee expressed an interest in hearing the outcome of this when completed. Martin Burns, the Director of Digital, Data and Technology agreed to provide more information on the planning of this exercise to the February 2024 ARC meeting.

Action - Director of Digital, Data and Technology to provide an update on organisational resilience scenario exercise planning to the February 2024 ARC meeting.

7.2.3 The Committee received assurance that EMT definition of RoS important business services, as referred to in the Business Continuity Policy, is articulated to and understood by IT colleagues.

7.2.4 The Committee was content to the note the Risk Management and Business Continuity Policies and recommend approval to EMT.

8. Other Forms of Assurance

8.1 National Fraud Initiative (NFI) Overview and Self-Assessment Checklist

8.1.1 The Chief Finance Officer and Financial Accountant provided an oral overview of the 2022-23 NFI exercise and the NFI checklist.

8.1.2 The Committee was content to note the relatively low-level findings and resulting actions and praised the team on a very positive outcome.

9. Outstanding Recommendations Log (ORL)

10.1.1 The Committee reviewed the outstanding recommendations log and was content to note those marked on track and agree those proposed to close.

10.1.2 The Committee discussed the three partially implemented recommendations identified in recent follow up reviews and agreed as follows:

UID	Report	Recommendation	Agreement
137	Business Continuity Planning	BCP link with horizon scanning	To remain on the log for review at February ARC to allow sufficient time to check that risk scenarios are covered in BCPs.
140		BCP training	Now completed and can be closed.
150	Procurement System and Processes (Purchase to Pay)	PECOS access and delegated authority	To remain on the log for review at February ARC, when this will be completed and proposed for closure.

10.1.3 The Committee reflected that setting appropriate timescales for actions is key, however was pleased to see that any extension periods are being well utilised in order to allow the completion of actions. Improved clarity of the narrative was also welcomed.

10.1.4 It was highlighted that recommendations from external audits should also be tracked and managed through the ORL as well as those from internal audits, and the Information Governance Manager agreed to ensure these are added before the February ARC meeting.

Action – Information Governance Manager to add recommendations from the 2022-23 external audit to the outstanding recommendations log.

10. Items for noting

The Committee noted the following items:

10.1 Finance update – The Committee heard that there is good confidence in achieving a balanced position at the year-end, and that a summary position will be submitted to EMT Corporate Governance for decision in January 2024 following an in-year budget review exercise.

10.2 Performance Reporting

10.3 RoS Board Minute 13 June 2023

10.4 Q1 Information Assurance and Governance report

10.5 PPG Forthcoming Matters Tracker

10.6 Meeting Dates 2023

10.7 SGDIAA Bulletin Issue 18

13. Any other competent business

13.1 No other business was raised.

14. Items for escalation to RoS Board

14.1 None

15. Meeting close

15.1 The meeting closed at 1212hrs

16. Date of next meeting:

BAU meeting

13 February 2024

1030hrs

Meadowbank House

Edinburgh