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	Audit and Risk Committee (ARC) **Minute of Meeting** 14 February 2023 1030hrs Hybrid meeting (Meadowbank House, Edinburgh, and Microsoft Teams)
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	Janet Egdell, Accountable Officer Chief Finance Officer (HB) Head of Finance (KM) Senior Internal Audit Manager, (SG DIAA) (KM) Internal Audit Manager, Scottish Government Department of Internal Audit and Assurance (SG DIAA) (JMcC) Associate Partner, Deloitte (PK) Corporate Director (BH) – *items 5.3 – 13* Head of IT Enablement (PC) – *item 5.3* Head of Talent and Enablement (LMcG) – *item 9.1* Colleague Experience Manager (CD) - *item 9.1*
Apologies	Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (CI) 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.

2.   Declaration of interests

2.1.   No new declarations of interest were made.

3.   Minute of meetings and outstanding actions

3.1   The minutes of the meeting and ARC effectiveness review session held on 8 November 2022 were accepted as a true record of the discussions held.

3.2   The Committee reviewed the outstanding action log and agreed:

Action 5171 - Engagement with the performance pages on the RoS website continues to be monitored and ARC will receive a report at the May BAU meeting. Action ongoing.

Action 5856 – An ARC member has been assigned to provide input to the Management Information ToR. Action closed.

Action 5857 – Scope and timescales for the hybrid working advisory review have now been agreed. Action closed.

Action 5858 – Policy and Practice Group (PPG) forthcoming matters tracker is now routinely submitted to ARC for noting. Action closed.

Action 5866 – Meeting to discuss proposals to amend the ARC ToR to reflect Board member attendance and reporting responsibilities in the absence of the substantive chair has been scheduled with feedback to provided thereafter. Action ongoing.

Action 5867 - Feedback on the recent new ARC member induction programme is yet to be received. Action ongoing.

Action 5868 – RoS internal papers will be submitted to ARC with cover papers where relevant. Action closed.

Action 5869 – NXD SharePoint site for document sharing is currently being built and tested. Action ongoing.

Action 5870 – ARC noted the proposed ARA drafting timetable. Action closed.

Action 5871 – Delegated authority levels have been shared with ARC members. Action closed.

4.   Matters arising not covered on the agenda

4.1   No other matters were raised.

5.   Internal Audit

5.1. **Progress Report 2022/23**

5.1.1 Internal Audit colleagues presented an oral overview of the progress report 2022/23 key highlights. The Management Information assurance review report will be submitted to the March meeting, and changes to the SGDIAA leadership team were noted.

5.2 **Annual Audit Plan 2023/24**

5.2.1 Internal Audit colleagues presented an oral overview of the annual audit plan 2023/24.

5.2.2   The Committee noted that a hybrid working and culture assurance review is a proposed option for Q3/4 and heard that this will take account of this year's hybrid working advisory review should it go ahead, and with culture a focus throughout. The Committee also heard that, whilst productivity is not a particular focus of these two reviews, this will be picked up on through the planned performance management assurance review. The importance of including some productivity measurements was agreed.   The Committee further considered that the data strategy and processing review proposed as another option for Q3/4 is currently a low rated risk and suggested that management should take a risk based approach in determining which reviews to take forward.

5.2.3   The Committee noted the planned climate change advisory review for Q1/2 and heard that this may assist with a proposed addition of a climate risk to the key risk register. The Committee considered that any outcomes must be measurable to inform action planning, and heard that a SG shared building model measurement tool will be used to inform any recommendations from this review.

5.2.4   The Committee noted the estimated 30 working days for the remuneration review and heard that although the scope of this review is very wide, it has been planned this way to make most efficient use of time due to the overlaps in processes such as IR35 and payroll.   The Committee understood the rationale for this decision, however suggested that it may be more manageable to conduct a separate IR35 review. It was agreed that clear and comprehensive terms of reference will be key to a successful outcome.

5.2.5   The Accountable Officer thanked the Committee for this helpful feedback and will consider any changes to the plan following today's comments. Any updates to the plan can be circulated by e-mail.

5.2.6 The Committee noted that the 2023/24 plan reflected an earlier mid-year review compared to 2022/23, meaning that any potential changes to the coming year's plan would be brought to the Committee's August 2023 meeting for consideration.

ACTION – Accountable Officer to consider any changes to the internal audit plan 2023/24 following ARC feedback.

5.3   Information Security Risk Management assurance report

5.3.1   The Internal Audit Manager was joined by the Corporate Director and Head of IT Enablement to provide an oral overview of the Information Security final report key highlights and receive any questions. The review provided an overall reasonable assurance rating and identified four medium recommendations.

5.3.2   The Committee noted the clear management actions and timescales and heard that management has discussed and is content that these timescales are achievable on the proviso that a proposed investment case be approved by the Executive Management Team (EMT) this month. It was noted that these timescales may need to be revisited should EMT not be supportive, and the Committee reflected on the need for management to agree actions based on existing capabilities and resources. The

Committee agreed that this report and any revisited management responses following the investment case outcome can be reviewed again in March or May if required.

5.3.3   The Committee heard of the plans to re-tender for an external review of our technical controls.

6.   External audit

6.1.   Annual audit plan update

6.1.1   The Deloitte Associate Partner provided an oral overview of the external audit update report key highlights. A successful handover from Audit Scotland has been completed and the thorough and appropriate RoS induction programme was well received.

6.1.2   The Committee noted that the annual audit plan will be reviewed at the March meeting, and the draft audit report is on track for submission to the August meeting.

7.   RoS Assurance Framework 2022-2027

7.1.   The Accountable Officer provided an oral overview of the RoS assurance framework 2022-2027 key highlights. The Committee was content to note the updates provided and proposed deep dive schedule, and in particular the hybrid working and HR function deep dives in March 2023. It was noted that whilst there is some formal business planned for the March meeting, the deep dive sessions will not be minuted as is usual practice.

7.2   The Committee heard that there may be a role for ARC in a current piece of work around people and change process changes, and the Accountable Officer and Corporate Director agreed to consider this further. It was agreed that this could be accommodated in the July or September check-in meetings should this be agreed by EMT.

Action – Accountable Officer and Corporate Director to consider with EMT colleagues any role for ARC in the people and change processes work.

8.   Annual review of policies

8.1   The Accountable Officer provided an oral overview of the annual review of policies paper key highlights and invited members to provide comments to allow EMT to approve the annual updates to the following policies:

- – key accounting policies and judgements
- – financial delegations
- – whistleblowing policy
- – registration fraud response policy
- – internal fraud response policy
- – hospitality policy

8.2   The Committee discussed the proposed amendments to the Key Accounting Policies and Judgements and agreed it is useful to include an explanation why RoS will continue to disclose non-statutory services as a separate operating segment. It was highlighted that any impact of the changes to accounting for leases on current leases has been considered. Furthermore, all value mechanisms have been worked through internally and the findings will be shared with external auditors in good time for this year's audit and laying in Parliament.

8.3   The Committee discussed the proposed amendments to the Registration Fraud and Internal Fraud policies and agreed these now read very clearly. A typographic error on page 150 was highlighted. On accounting policies, it was suggested that some further narrative around how assets below capitalisation thresholds are safeguarded be included.

8.4   The Committee noted the reference to contingent workers throughout the policies and was assured that this term covers all contractors and is understood throughout RoS.

8.5   The Committee had no further comments and thanked the Accountable Officer for the work done by colleagues to make these policies clearer and more readable. The Accountable Officer thanked the Committee for its helpful feedback.

9.   Other forms of assurance

9.1   People assurance data overview

9.1.1 The Head of Talent and Enablement and Colleague Experience Manager joined the meeting and provided an oral overview of the 2022 We Invest in Wellbeing report (WIIW), Civil Service People Survey (CSPS) and Wellbeing Survey.

9.1.2 The Committee noted that contingent workers were not asked to complete the CSPS this year and heard that feedback from contingent workers is gathered through other means. This, however, had little impact on the overall results due to low participation rates of contingent workers in previous years.

9.1.3 The Committee noted the three priority themes identified from the data, and the local action planning to address risks by Heads of Function. Additionally, an external report has been commissioned by EMT to review this data and this will be shared with ARC in May as another form of assurance.

9.1.4 The Committee reflected on the CSPS scores around pay and benefits, learning and development, and visibility of senior management. Ongoing challenges in these areas were acknowledged and the need to continue with robust messaging was suggested.

9.1.5 The Committee noted the information provided and thanked the team for the interesting update.

10.   Outstanding Recommendations log

10.1 The Committee reviewed the outstanding recommendations log, noted the six issues that are currently on track and agreed the nine recommendations for closure. No action owners were in attendance as there were no requests for two or more extension requests to consider this time.

10.2 The Corporate Director highlighted the Business Continuity recommendations proposed for closure as the original recommendations have been met, however suggested that the planned SGDIAA Business Continuity follow up review be delayed from April 2023 to later in the year to allow sufficient time to cover the progress made in this area. It was also suggested that this include an advisory review and that business continuity should be fully audited biennially. The Committee discussed that this seemed sensible, however agreed that the Accountable Officer and SGDIAA colleagues should discuss and agree a suitable way forward.

Action – Accountable Officer and SGDIAA colleagues to discuss and agree a suitable timescale and approach to the Business Continuity follow up review and future audits.

10.3 The Committee noted its concern that four Data Management recommendations closed by ARC at the November 2022 meeting on management recommendation, have been reopened on the log for discussion as the internal audit follow up report found these to be only partially implemented. The Accountable Officer provided some background to the reasons for this and advised that management are considering how to address. The Committee agreed that the outcome of these discussions should be reported back to ARC no later than the August meeting (and not as part of the planned deep dive in July), with an interim update at the Committee's May meeting. The four recommendations will remain open on the outstanding recommendations log for discussion in the meantime to allow ARC to continue to monitor progress.

11.   Items for noting

The Committee noted the following items:

11.1   Finance update - Dec 22
11.2   Performance Reporting
11.3   RoS Board Minute 13/14 Sept 22
11.4   Q3 Information Assurance and Governance report
11.5   Q3 Employment Law Report
11.6   PPG forthcoming matters tracker
11.7   RoS Risk and Assurance Workshop summary outputs

12.   Any other competent business

12.1   No other business was raised.

13.   Items for escalation to RoS Board

13.1   No items were highlighted for escalation to the RoS Board.

14.   Meeting close

14.1   The meeting closed at 1250hrs.

14.2   **Date of next meeting(s):**

Friday 31st March 2023 (check in meeting with some formal minuted business matters)
0930hrs
Microsoft Teams

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