



Audit and Risk Committee (ARC) Minute of Meeting 08 November 2022 1030hrs Hybrid meeting (St Vincent Plaza, Glasgow, 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 (EG) Head of Finance (KM) Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (CI) Enterprise Risk Manager (LH) Internal Audit Manager, Scottish Government Department of Internal Audit and Assurance (SG DIAA) (JMcC) Audit Director, Audit Scotland (CG) Associate Partner, Deloitte (PK) Head of Procurement and Estates (EMcG) – <i>item 5.3</i> Corporate Director (BH) – <i>item 8.1</i> Registration and Policy Director (CK) – <i>item 8.1</i> Head of Policy and Legal (AG) – <i>item 1</i> Resourcing Manager (CG) – <i>item 8.2</i> Head of Quality and Data Improvement (ST) – <i>item 8.3</i>
Apologies	Senior Auditor, Audit Scotland (CT) Senior Audit Manager, Audit Scotland (KMCA) Senior Internal Audit Manager, (SG DIAA) (KM)
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. Introductions were made around the room to welcome the new Audit and Risk Committee Member, Dónall Curtin, the Deloitte Associate Partner, and the new Head of Finance (KM).

2. Declaration of interests

2.1. No new declarations of interest were made however it was noted that Andrew Harvey and Dónall Curtin are professionally acquainted (as both are members of the Legal Practitioners Disciplinary Tribunal in Ireland) as are Tim Wright and the Deloitte Associate Partner (Deloitte acts for Scottish Fire and Rescue Service, where Tim is a Non-Executive Director).

3. Minute of meetings and outstanding actions

3.1 The minute of the meeting held on 09 August 2022 was accepted as a true record of the discussions held.

3.2 The Committee reviewed the outstanding action log and agreed:

Action 5076 – Interim Policy and Practice Group report covering legal and regulatory issues was discussed under agenda item 8.1. Action closed.

Action 5171 - Engagement with the performance pages on the RoS website continues to be monitored and ARC will receive a report in Q4 / Q1 2023. Action ongoing.

Action 5778 – An updated annual audit plan 2022/23 was discussed under agenda item 5.2. Action closed.

Action 5779 – The Committee was content with the updated Grow our Own management response discussed under agenda item 9.1. Action closed

Action 5780 - The Committee was content with the proposal to continue with the current cadence of 3 informal check-in meetings yearly, with the caveat that additional meetings can be arranged to conduct further deep dives should that become necessary. Action closed.

Action 5781 – Committee members have provided the Assurance Service with feedback on the prototype Cyber Resilience further assurance review. 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 The Internal Audit Manager presented an oral overview of the progress report 2022/23 key highlights. The annual planning process for 2023/24 has begun and it is anticipated that the draft plan will be presented to the February ARC meeting. The Committee noted the planned 3% fee increase next year.

5.1.2 The Committee noted the consensual audit of Scottish Government (SG) compliance with data protection regulations undertaken by the Information Commissioner's Office (ICO) and heard that this forms part of wider SG activity throughout the year. Outputs of this activity will be shared with ARC in due course.

5.2. Annual Audit Plan Update 2022/23

5.2.1 The Internal Audit Manager presented an oral overview of the agreed amendments to the annual audit report 2022/23. A Management Information assurance review will be delivered in Q3, and the rescoped IT Security review to be delivered over Q3/4. The IR35 – Digital Contractors advisory review has also been replaced with an advisory review of Hybrid Working to be delivered in Q4 due to the frequently changing IR35 legislative landscape. Sufficient work has already been done on this to ensure that this can be easily reincorporated when it is appropriate to do so. The Committee highlighted that hybrid working is a significant focus organisationally and stressed the need for SGDIAA to collaborate with the relevant RoS colleagues on this assurance piece, to ensure that work in RoS and by SGDIAA was not overlapping.

5.2.2 The Committee heard that, although it is hoped that two reports will be ready for the February meeting, it is possible that only one will be signed off by then due to consequences of the mid-year change in approach. The Committee was understanding of the circumstances, however noted its concern that this delay could impact the annual audit opinion and was assured that delivery remains on schedule. Furthermore, lessons learned from this year will inform next year's approach to ensure a return to normal audit timescales.

5.2.3 The Committee heard that the scope of the Management Information review is around operational performance and management information and agreed the need to appoint an ARC member to provide input into this Terms of Reference.

Action – Enterprise Risk Manager to circulate the current list of ARC members assigned to assurance review ToRs and seek agreement on which member is best placed to provide input into the Management Information ToR. (post meeting note – it was agreed that Dónall Curtin would undertake this on behalf of the Committee.

5.2.4 The Committee thanked the Internal Audit Manager for the updated audit plan and agreed that a segment of the March check in meeting can be used to review any delayed assurance reports, should that prove necessary.

5.3 Procurement System and Processes (Purchase to Pay) Audit Report

5.3.1 The Internal Audit Manager provided an oral overview of the Procurement final report key highlights. An overall reasonable assurance rating was provided as the majority of controls were found to be effective, with 1 high and 4 medium recommendations made to address gaps found in end to end processes. The Head of Procurement and Estates joined the meeting for this discussion.

5.3.2 The Committee noted the management responses and welcomed the planned action to create documentation and supporting guidance for all end to end Procurement processes and tasks, which will provide an audit trail and opportunity to streamline. It was noted that gaps in documentation has been a theme over a number of recent audit reports and the Accountable Officer acknowledged the need to reflect on this organisationally.

5.3.3 The Committee discussed whether the June 2023 target date for completion of the high level recommendation is reasonable and heard that action has already been taken to address the main points. It was noted that it would have been helpful if the management response was clearer around what had already been completed.

5.3.4 The Committee suggested that the Procurement team may wish to investigate the use of external process mapping tools, which may be easier to keep up to date than written documentation.

5.3.5 The Committee thanked the Internal Audit Manager and Head of Procurement for the very good and clear report, and smooth audit process overall.

6. External audit

6.1. Progress update

6.1.1 The Audit Director provided an oral overview of the progress update report key highlights and Audit Scotland activity since the August meeting. The Annual Report and Accounts was signed off by the RoS Board in September, and the handover transition to Deloitte is underway with a paper outlining the general audit approach expected for the February meeting.

6.1.2 The Committee noted the update provided following the RoS Board discussion in September around the assessment of value for money.

6.1.3 The Committee expressed its sincere thanks to Audit Scotland colleagues for the all the work undertaken and support provided to ARC, the RoS Board and management over the years, and look forward to working with the Deloitte team in the future.

7. Assurance Framework

7.1 RoS Assurance Framework 2022-2027 and Key Risk Register

7.1.1 The Enterprise Risk Manager provided an oral overview of the RoS Assurance Framework 2022-2027 key highlights, including progress made since the last report and changes to RoS 2022/23 internal audit plan activities.

7.1.2 The Committee welcomed the new format Key Risk Register.

7.1.3 The Committee noted the changed Financial Health key risk scenario and was reassured to hear of the actions undertaken to reassess and mitigate this risk, and set Scottish Government expectations. The likely impact of a slower property market this year was discussed.

7.1.4 The Committee reflected on the September 2022 People and Change key risk deep dive session and subsequent discussions with EMT around the low risk response target set. It was noted that EMT have agreed that this target, while optimistic, is still a sensible one to aim for.

7.1.5 The Committee noted the proposed move of the annual risk workshop from Q1 2023/24 to Q4 2022/23 and was supportive of this taking place earlier in the year to help shape audit plans. The original May date will remain in diaries for now as a contingency should this be needed, and a questionnaire will shortly be circulated to attendees to gather feedback on what might be included in the January workshop.

7.1.6 The Committee noted the hybrid working key risk deep dive planned for March 2023, and requested that the Enterprise Risk Manager and Internal Audit Manager consider the most logical timing for this in light of the added hybrid working advisory review planned for Q4.

Action - Enterprise Risk Manager and Internal Audit Manager to consider the most logical timing for the hybrid working deep dive in light of the added hybrid working advisory review planned for Q4.

7.1.7 The Committee noted the revised Grow our Own management report, which has been updated to provide additional clarity around the actions to be taken to address the issues raised. It was noted that all actions will be completed within agreed timescales, except reporting to EMT as the next phase of the programme has been slowed down. This will be taken forward once the programme is launched.

7.1.8 The Committee thanked the Enterprise Risk Manager for the helpful report.

7.2 Risk Management Policy Annual Review

7.2.1 The Head of Enterprise Risk Management provided an oral overview of the Risk Management Policy annual review key highlights, and sought any advice or recommendations to the RoS Board and Executive Management Team ahead of final approval.

7.2.2 The Committee considered the two proposed amendments and was content to support these as written.

8. Other forms of assurance

8.1 Policy and Practice Group (PPG) Interim Report 2022-2023

8.1.1 The Corporate Director, Registration and Policy Director and Head of Policy and Legal joined the meeting to receive questions on the Policy and Practice Group interim report. Feedback on whether any changes are needed to the content and format for the annual report due in August 2023 was sought.

8.1.2 The Committee welcomed the very comprehensive and interesting report which is a helpful point of reference for regulatory matters, and illustrates well the significant amount of work done in this space. No recommendations for changes to the presentation of future reports were made.

8.1.3 . The Committee heard that horizon scanning is routinely done with issues pertinent to PPG captured on a forthcoming matters tracker, and was interested in this being shared at ARC meetings for noting. Extensive working relationships and

processes are in place to keep abreast of horizon scanning; however, the Committee suggested that these be kept under review to ensure they are robust.

Action – ARC Secretary to ensure the PPG forthcoming matters tracker is shared routinely with ARC for noting at future meetings.

8.1.4 The Committee noted that PPG has approved a cautious approach to rejecting any applications made involving a party subject to Russian sanctions, and received clarity on how this approach works in practice.

8.1.5 The Committee thanked the PPG representatives for the very comprehensive and helpful report and the good reassurance of the variety of horizon scanning undertaken.

8.2 Civil Service Commission Scorecard 2021 – 2022

8.2.1 The Resourcing Manager joined the meeting and provided an oral overview of the Civil Service Commission Scorecard report key highlights. The Committee was pleased to note the maintenance of the highest rating of 'good' and an improvement of the trajectory to 'static' from 'at risk' in 2020/21. It was noted that there is also a possibility of less frequent audits in the future.

8.2.2 The Committee discussed the findings of the one technical breach.

8.2.3 The Committee welcomed the progress on diversity and inclusion and thanked the Resourcing team for all their work in this space to achieve such a good outcome.

8.3 Data Quality Risk and Assurance Annual Report 2021-2022

8.3.1 The Head of Quality and Data Improvement joined the meeting and provided an oral overview of the Data Quality Risk and Assurance annual report key highlights. The report covers a period of sustained quality improvement continued into the current year, achieved through focused risk reporting and the introduction of some automation.

8.3.2 The Committee noted that the quality assurance framework is summarised in key risk 5 – Public Trust in our Registers as a preventative control. Good insights are expected from the biannual customer survey with results due by the end of November.

8.3.3 The Committee noted the proposed people, process and technology changes and heard that the ultimate goal would be to expand on automated validation. This process can be slow as improvements must be sufficiently advanced before they can be built into quality checks.

8.3.4 The Committee was pleased to see the incremental improvements made and thanked the Head of Quality and Data Improvement for sharing this progress.

9. Outstanding Recommendations

9.1 Outstanding Recommendations Log

9.1.1 The Committee reviewed the outstanding recommendations log, noted the 7 issues that are currently on track and agreed the 4 recommendations for closure. No

action owners were in attendance as there were no requests for 2 or more extension requests to consider this time.

9.1.2 The Committee reviewed the 1 issue raised for discussion and agreed as follows:

UID	Recommendation	Agreement reached
142	Governance documentation	Grow our Own updated management response accepted. Remains on track to complete by 30 April 2023

10. Items for noting

The Committee noted the following items:

- Finance update – noted that EMT is keeping a watching brief on income and expenditure.
- Link to [new performance hub](#) on RoS Website (*updated monthly*)
- RoS Board minute – June 2022
- Information Assurance Governance Quarterly Report – noted that there are no particular pattern or themes identified around FOISA requests, with a spike often happening in holiday periods.
- EMT Investment Annual Benefits Report 2021-2022
- SAT Annual Benefits Report 2021-2022
- Meeting dates for 2023

11. Any other competent business

11.1 No other business was raised.

12. Items for escalation to RoS Board

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

13. Meeting close

13.1 The meeting closed at 1300hrs. The Chair thanked all for attending and their contributions. A particular thank you was extended to the Head of Finance (EG) who will no longer attend meetings routinely but will attend on an ad-hoc basis as needed.

13.2 Date of next BAU meeting:

Tuesday 14 February 2023

1030hrs

Meadowbank House, Edinburgh