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	Audit and Risk Committee (ARC) **Minute of Meeting** 13 February 2024 1030hrs 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	Chris Kerr, Director of Policy and Corporate Services and Accountable Officer Head of Finance (DM) Head of Information Governance (AK) Senior Enterprise Risk Officer (RH) Senior Internal Audit Manager (KM), Scottish Government Directorate for Internal Audit and Assurance (SGDIAA) Internal Audit Manager (AB), SGDIAA Associate Partner (PK), Deloitte Senior Manager (LM), Deloitte
Apologies	Chief Finance Officer (HB) Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (CI)
Secretariat	Senior Executive Assistant to the Director for 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. Introductions were made around the room for new attendees.

2. Declaration of interests

2.1 Tim Wright declared a new appointment as Board member of the National Records of Scotland, which will be added to the Register of Interests in accordance with due process. Members congratulated Tim on his appointment to this role.

3. Minute of meetings and outstanding actions

3.1.1 The minute of the meeting held on 14 November 2023 was accepted as a true record of the discussions held.

3.1.2 The notes of the ARC effectiveness review held on 13 November 2023 was noted, and it was highlighted that the next review will be rescheduled to take place in February 2025 when new members will have settled into their role.

3.2   The Committee reviewed the outstanding action log and agreed:

Action 5869 – A policy exception has been raised to allow ARC and Board members to download and print papers from the existing Non-Executive Director (NXD) SharePoint site. Members welcomed this positive development and agreed that they were generally content with how the site is working for them. It was highlighted that the site cannot be accessed from overseas and members welcomed this reassurance of security. Action ongoing and will remain open until completed.

Action 6156 – ARC recruitment will take place in the summer and it was agreed to keep this action open until completed. Action ongoing.

Action 6157 – ARC meeting locations for 2024 and beyond are confirmed in diaries. Action closed.

Action 6158 – ARC Terms of Reference was discussed and agreed under agenda item 10. Action closed.

Action 6159 - ARC agenda template is now split between items for noting and items for information. Action closed.

Action 6160 – Guidance for ARC deep dives is being developed and will be shared with members for agreement in due course. Action ongoing.

Action 6161 – Approach to ARC input in the draft annual governance statement has been agreed. Action closed.

Action 6162 - Annual audit plan was jointly presented to today's meeting by the Accountable Officer and Deloitte Associate Partner. Action closed.

Action 6163 – Output from the Scottish Government Audit Committee Chairs' Network discussions on Key Performance Indicators (KPIs) is awaited to progress discussions with Internal and External audit colleagues. Action ongoing.

Action 6164 - Climate Change Advisory Report has been shared with ARC members out of Committee. Action closed.

Action 6165 – People and Change progress update is planned for later this year. Action ongoing.

Action 6166 – ARC deep dive schedule is updated to reflect the new Executive Management Team sponsors. Action closed.

Action 6167 – A full update on organisational resilience scenario exercise planning is planned for the May meeting. Action ongoing.

Action 6168 – Recommendations from the 2022-23 annual audit are now tracked through the outstanding recommendations log. 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   Internal Audit colleagues provided an oral overview of the progress report key messages. The 2023-24 plan progresses on schedule with the final assurance review into Hybrid Working and Culture tabled for a formal discussion at an additional ARC meeting which will precede the informal ARC check-in meeting on 26 March. The Committee looks forward to receiving this report and requested that the outcomes of the gap analysis work is included in this.

Action – SGDIAA to include gap analysis outcomes in the Hybrid Working and Culture assurance review report.

5.1.4   The Committee was content to note the progress report.

5.2   Draft Annual Internal Audit Plan 2024-25

5.2.1   Internal Audit colleagues provided an oral overview of the proposed internal audit plan 2024-25, and the planned activities and audit days to allow an annual assurance opinion to be provided at the end of the year. The Committee noted the integrated approach to ensure planned activities are aligned and provide best value, however reflected on the reduced planned activity this year with an 8% reduction in audit days worked. The Senior Internal Audit Manager expressed their confidence that the plan is sufficiently robust to enable delivery of an annual audit opinion.

5.2.2   The Committee reflected on the scope of the planned Registration Key Performance Indicators (KPI) assurance review and heard that this will assess the internal mechanisms in place to deliver RoS statutory obligations. It was highlighted that this review of Registration 'business as usual' activity, together with the IT Change Management review, would provide the Accountable Officer with the necessary assurance of the overall approach to tackling the arrear.

5.2.3   The Committee was content to note the draft internal audit plan 2024-25.

6.   External Audit

6.1   Lessons Learned from 2022-23 Audit

6.1.1   The Accountable Officer provided an oral overview of the key lessons learned from the 2022-23 audit, with findings in three main areas: audit planning; hybrid working arrangements; and requests on the Deloitte Connect platform.

6.1.2   The Committee discussed the audit planning lessons learned and received assurances that significant progress has been made in the audit planning for this year, with a full calendar of key dates and requests already shared with finance colleagues

to ensure requests can be met within reasonable timescales. It was highlighted that any technical IT requests will be raised early in the process to ensure any issues can be resolved in good time.

6.1.3. The Committee noted the hybrid working lessons learned and stressed the importance of flexibility and working together to achieve the common goal in a hybrid working environment, and within the relatively short audit timescales. The Committee received assurances that availability expectations have been clearly communicated to RoS colleagues.

6.1.4 The Committee reflected on the challenges experienced by RoS colleagues with requests on the Deloitte Connect Platform and received assurances on the plans in place to monitor and manage these.

6.1.5 The Committee was content to note the paper and welcomed the cultural willingness of both organisations to learn from these lessons. Open and timely communication was encouraged to resolve any arising issues during this year's audit.

6.2   ARC External Audit Briefing

6.2.1 The Deloitte Senior Partner provided an oral overview of the external audit briefing, covering Deloitte and ARC responsibilities, key lessons learned from 2023 and reporting dates for 2024. There is nothing of particular significance likely to impact this year's audit, and it was highlighted that Deloitte is only contracted to review three versions of the annual accounts.

6.2.2 The Committee was content to note the briefing with thanks.

6.3   Annual Audit Plan 2024-25

6.3.1 The Deloitte Associate Partner provided an oral overview of the annual audit plan 2024-25 key messages and scope. The plan is reflective of the lessons learned from last year's audit and the audit will have an outcome delivery focus. The expectation that management will provide an accounting paper on RoS's assessment of their property valuations was noted.

6.3.2 The Committee was content to note the annual audit plan 2024-25 and looks forward to hearing a progress update at the May meeting.

7.   RoS Assurance Framework 2024-2029

7.1   The Information Governance Manager provided an oral overview of the RoS assurance framework 2024-29 key messages, and sought ARC support for a recommendation to remove the Governance deep dive from the schedule for 2024-25 as this will be covered in the internal audit plan. Furthermore, the Committee heard that a more informed approach to the identification of deep dives and guidance for RoS colleagues is currently being trialled and the outcomes will be brought to the May meeting.

7.2   The Committee supported the recommendation to remove the Governance deep dive and welcomed the trial of a new approach to deep dives overall. However, it reflected that this would leave only two remaining deep dives on the schedule for the remainder of the year, 2024-25. It was also strongly suggested that the Leadership Succession Planning deep dive be scheduled for July or September 2024 at the latest, given the importance of this work, the need for which was first flagged in September 2023. The Information Governance Manager agreed to share ARC comments with EMT and bring an updated schedule to the May meeting.

Action – Information Governance Manager to share ARC comments on the deep dive schedule with the Executive Management Team and bring an updated schedule to the May ARC meeting.

7.3   The Committee highlighted the delayed route to target for key risks 8 and 11 and was reassured to hear that the reprioritisation of key activities resulting in this outcome is not expected to adversely affect risk scoring.

7.4   The Committee reflected on discussions on the wording 'opportunity or threat' of key risk 13 at the January risk workshop and requested that the risk be reviewed again to read less defensively.

Action – The Senior Enterprise Risk Officer will review the wording of key risk 13 'opportunity or threat' to ensure this reflects the discussions at the January risk workshop.

8.   Annual Review of Key Policies

8.1   The Accountable Officer introduced the annual review of key policies and invited ARC feedback, ahead of final EMT approval.

8.2   The Committee considered the reviewed policies and was happy to endorse them all however provided the following comments for EMT consideration:

–   **Key accounting policies and judgements** – The Committee highlighted that the policy is not written using the same factual language as the others. A minor error in the tracked changes around property valuation on pages 3 & 4 was also highlighted. The Accountable Officer agreed to review this again to ensure flow, and the Committee looks forward to seeing the changed version in due course.

–   **Financial Delegations** – The Committee endorsed without comment.

–   **Whistleblowing policy** – The Committee suggested that the language should be more reflective of RoS culture and reinforced by statutory regulations. The Accountable Officer agreed to consider how this could be reflected in communications when the policy is published. It was further suggested that consideration should be given to appointing two whistleblowing officers to ensure continuous cover in periods of absence.

  − **Hospitality policy** – The Committee welcomed the changes related to the purchase of alcohol, and the wider planned review to ensure the tightened approach flows through all relevant policies.

  − **Fraud policies** – The Committee noted the ongoing review of the fraud officer roles which may result in the two fraud policies being combined. There are no amendments at this stage, however this will be submitted to ARC for comment in due course.

8.3   The Accountable Officer thanked the Committee for the helpful feedback which will be discussed with EMT.

9.   ARC Terms of Reference

10.1   The Committee discussed and agreed a proposed minor amendment to the ARC Terms of Reference to clarify in person attendance consistent with that of the RoS Board. This will be remitted to the March RoS Board meeting for noting.

10.   Items for noting

11.1   The Committee noted the following items:

  1) Finance update – The Committee heard that there is confidence in achieving a good position at the year-end whilst still prioritising delivery and the arrear.

  2) Performance Reporting

  3) RoS Board Minute 13 June 2023

  4) Update: Security Incident Exercising - The Committee look forward to receiving a fuller briefing at the May meeting.

11.   Items for Information

12.1   The Committee noted the following items:

  1) Q2 2023/2024 Information Assurance and Governance report
  2) Q2 2023/24 Employment Law Report
  3) PPG Forthcoming Matters Tracker
  4) Internal Audit Charter 2023-24
  5) Internal Audit Charter 2023-24

13.   Any other competent business

13.1   No other business was raised.

14.   Meeting close

15.1   The meeting closed at 1200hrs. The next meeting(s) will be held on:

ARC Informal Check-In (preceded by brief ARC meeting)
26 March 2024
0930hrs
Remote via Teams

ARC BAU Meeting
14 May 2024
1030hrs
St Vincent Plaza, Glasgow