

Audit and Risk Committee (ARC) Minute of Meeting 09 August 2022 1030hrs Hybrid meeting (Meadowbank House, Edinburgh, and Microsoft Teams)	
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 Audit Manager (SGDIAA) (JMcC) Audit Director, Audit Scotland (CG) Senior Audit Manager, Audit Scotland (KMcA) Senior External Communications Manager (JG) – <i>item 7</i> Moveable Transactions Project Manager (IG) – <i>item 10.1</i> Senior Product Manager (CH) – <i>item 10.1</i> Senior Statistician (AMacD) – <i>item 10.2</i> Assistant Statistician (RF) – <i>item 10.2</i> Colleague Experience Manager (CD) – <i>item 10.3</i>
Apologies	Senior Auditor, Audit Scotland (CT)
Secretariat	Senior Executive Assistant to the Corporate Director (JM) Executive Assistant to the Business Development Director (BG)

1. Introduction, apologies, and chair's matters

1.1. The Chair welcomed everyone to the meeting and noted the apologies received as above.

1.2. The Chair advised that he has recently been reappointed for a second and final term as Non-Executive Board Member and Audit and Risk Committee Chair.

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.

3.2 The Committee reviewed the outstanding action log and agreed:

Action 4825 – Financial Risk Review took place at the May ARC meeting and outcome has been reported to the RoS Board. Action closed.

Action 5070 – ARC terms of reference (ToR) review is complete and revised draft will be submitted to the RoS Board meeting in September for approval. Action closed.

Action 5076 – ARC agreed to the proposal for an annual report for noting from PPG each August. The Corporate Director will attend the November 2022 meeting to present an example report and seek ARC feedback on the content. Action ongoing.

Action 5080 – Accountable Officer has considered any fraud risks from third party data-sharing and an assessment of this will be included in annual fraud reports going forward. Action closed.

Action 5103 – ARC was content with the follow up information provided from the WIP deep dive in March. Action closed.

Action 5171 – Engagement with the performance pages on the RoS website is being monitored and ARC will receive a report in Q4 / Q1 2023. Action ongoing.

Action 5172 – Business Continuity Policy has now completed the governance sign off process. 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 - 2023

5.1.1 The Senior Internal Audit Manager presented an oral overview of the progress report 2022 – 2023 key highlights The Procurement New Supplier Checks final report has been delayed due to staff absence over the summer period, however it is on track for submission to the November meeting. This will be circulated to members outwith Committee once finalised, in line with agreed procedures. It was suggested that busy leave periods are routinely factored into future planning cycles to avoid delays such as those incurred in respect of this work.

5.1.2 The Committee noted that 87% of Scottish Government colleagues have completed Data Protection training within the last year and was pleased to hear that RoS has also released this as mandatory training this year, reaching across the whole organisation.

5.1.3 The Committee discussed the cancelled Post Registration Services advisory and heard that the Executive Management Team (EMT) has decided that any review

would provide greater value if conducted at a later date, once any changes are embedded.

5.1.4 The Committee noted the IT Security review scheduled for Q3/4 and discussed a proposal to delay this until after an external ISMS auditor review has taken place, thus releasing the allocated 20 audit days. It was agreed that the Head of Risk and Information Governance and the Senior Internal Audit Manager should meet to discuss the best assurance outcome and that the ISMS external audit report should be presented for discussion at a future meeting when finalised. The Committee highlighted its concern around the substantial change to the agreed plan for 2022-23 and overall assurance approach, and stressed the need to agree the new plan as soon as possible, in order to ensure that there was sufficient work to inform an audit opinion on 2022-23. The Committee emphasised that its meeting cycle should not delay progress and that an additional meeting to agree the plan can be arranged if required.

ACTION - Head of Risk and Information Governance and the Senior Internal Audit Manager to discuss the IT Security and ISMS audits, and plan for Q3/4.

5.2. Grow Our Own (GOO) Final Report

5.2.1 The Internal Audit Manager provided an oral overview of the GOO final report key highlights which provided an overall reasonable assurance rating and identified 4 medium recommendations.

5.2.2 The Committee considered whether the benefits of the GOO pilot have been measured appropriately and expectations achieved, and reflected on the similar findings on the HROD Management Programme review. It was highlighted that the two pieces of work were launched at the same time so there was always the risk of similar findings, and that lessons learned are being incorporated in the GOO cohort 2 investment case including a full costs / benefits analysis and a project management approach. The Committee was content that lessons learned are being taken forward but agreed to include reference to this in the ARC update report to the RoS Board in order that the Board could consider if any further work were needed.

5.2.3 The Committee discussed the findings of the internal audit questionnaire to GOO applicants and noted that the validity of the outcome may be biased due to the restricted circulation. This had been discussed with EMT who decided a targeted audience to be the most appropriate way forward to avoid the risk of survey fatigue in the wider organisation. The Committee reminded all that auditors or EMT should alert it to any potential issues which may weaken the report outcome as they arise. A full breakdown of the responses received has been shared with HROD to assist with the planning of cohort 2.

5.2.4 The Committee noted the management action 2, issue 2 – to ensure governance and oversight – and agreed that it is unclear how this would be measured or completed so suggested that further consideration be given to how this is worded to improve clarity of intent.

Action – Assurance Service to revisit management response to the GOO report issue 2, action 2 to improve clarity around how the action will be measured and an agreed completion date.

5.2.5 The Committee thanked the internal audit team for the reports and looks forward to agreeing the updated audit plan 2022-23 at the November meeting or earlier if needed.

6. External audit

6.1. 2021 – 2022 Draft Covering Letter

6.1.1 The Audit Director presented the draft covering letter, which confirmed that the audit work on the annual report and accounts 2021 – 2022 is now complete and Audit Scotland anticipates issuing an unqualified opinion in the audit report to the September RoS Board meeting.

6.2. 2021-2022 Draft Annual Audit Report

6.2.1 The Audit Director presented the key points of the 2021-2022 draft annual audit report which summarised the audit findings and conclusions and provides an unmodified overall opinion. The Audit Director and Committee extended thanks to the finance team for its fantastic support and exemplary standard of work which enabled a very smooth audit and overall positive report.

6.2.2 The Committee members confirmed they know of no other internal matters of a fraud or non-compliance nature that should be brought to the auditors' attention before the accounts are signed.

6.2.3 The Committee noted that Deloitte has been appointed as our new auditor and will attend the November meeting with Audit Scotland to ensure a smooth transition.

6.2.4 The Committee was pleased to note a very clear and positive draft report and extended its thanks to the Audit Director and the Audit Scotland team.

7. Annual Report and Accounts

7.1 2021-2022 Draft Annual Report and Accounts

7.1.1 The Senior External Communications Manager joined the meeting to receive questions on the annual report and accounts paper, which asked the Committee to review and recommend that the RoS Board approves the 2021 / 2022 annual report and accounts for sign off by the Accountable Officer subject to a few minor cosmetic amendments.

7.1.2 The Committee raised a minor point for consideration and noted that an online launch event will take place on 28th September 2022 which the Chair will attend.

7.1.3 The Committee expressed its sincere thanks to communications and finance colleagues for the great work done on the report which reads very cohesively.

7.2 ARC endorsement of Annual Report and Accounts

7.2.1 The Committee agreed it was content to endorse the draft Annual Report and Accounts and recommend submission to the September Board for approval, subject to final minor changes as discussed.

8. Assurance Framework

8.1 RoS Assurance Framework 2022-2027

8.1.1. The Enterprise Risk Manager provided an oral overview of the RoS Assurance Framework 2022-2027 key highlights and changes made since the last report. Three potential new risks have been identified following an EMT workshop in May.

8.1.2 The Committee noted the very full key risk deep dive programme, and in particular the timing of the RoS Culture session scheduled for September 2023, and agreed that it would be happy to hold informal meetings 4 times a year instead of 3 should EMT agree this would be helpful. The Accountable Officer agreed to consider this proposal with EMT colleagues.

Action – The Accountable Officer to consider whether ARC informal deep dive meetings should be increased from 3 to 4 per year with EMT colleagues, either for the current year, for 2023-24 or on a permanent basis.

8.1.3 The Committee thanked the Enterprise Risk Manager for the helpful report and for the inclusion of the full key risk register and useful infographics.

9. Audit and Risk Committee Business

9.1. Draft ARC Annual Report to the Board

9.1.1 The Committee reviewed the draft ARC annual report to the Board and was content to remit this to the September Board meeting subject to a minor amendment at point 7.1 to refer to the Project Evolution work, post COVID-19.

9.2 Review of ARC Terms of Reference (ToR)

9.2.1 Chris Martin presented the draft revised ARC ToR following the recent review by a small working group comprising representatives from ARC, RoS Board and EMT and with support from the RoS Secretariat. The Committee was invited to review and comment on the draft, consider the points noted in paragraph 8 and note the controls identified by the group to meet the set review criteria. It was highlighted that the ARC Chair and Accountable Officer were not involved in the review, and that views of Audit Scotland and SGD IAA were sought and taken into consideration.

9.2.2 The Committee considered the points highlighted at paragraph 8 and agreed to discuss these further at its effectiveness review meeting in November.

9.2.3 The Committee thanked Chris and the working group for a very good piece of work to refresh the ARC ToR, which is now consistent with that of other governance groups, and was content to submit the draft to the September Board meeting for approval.

10. Other forms of assurance

10.1 Moveable Transactions Project – Business Justification Gate

10.1.1 The Moveable Transactions (MT) Project Manager and Senior Product Manager joined the meeting to receive questions on the findings contained in the business justification gate report. A 'green' status was achieved which is indicative of robust governance, and learnings have been shared with other public sector organisations including the Scottish Fire and Rescue Service. Tim Wright's membership of the Scottish Fire and Rescue Service Board was noted.

10.1.2 The Committee considered the MT fee charging structure and heard that projections are underway to determine any variables which may affect covering the operational costs. Break even costs have been estimated and Scottish Government would be asked to fund any shortfall.

10.1.3 The Committee was reassured that sufficient plans are in place to meet the two recommendations made around governance and noted that the Project team would be happy to share work done on the RAID logs outwith Committee should members be interested in seeing this.

10.1.4 The Committee reflected on what circumstances would trigger a digital assurance office review and heard that there are different assessment categories with MT classified as a major project. A Digital Scotland Service Standard (DSSS) review process is in place for lower value projects, which a few of RoS project have gone through, and the SG Portfolio Management Assessment team is also available to conduct reviews.

10.1.5 The Committee congratulated the team on achieving 'green' status and expressed its thanks to everyone involved.

10.2 Compliance Check of the RoS Country of Origin Statistics by the OSR

10.2.1 The Senior and Assistant Statisticians joined the meeting to receive questions on the update provided on the recent compliance check conducted by the Office for Statistics Regulation (OSR) on the RoS land and property titles by country of origin publication.

10.2.2 The Committee was happy to note the positive outcome and hard work done to achieve such good results, and expressed its thanks to everyone involved.

10.3 We Invest in People Interim Report

10.3.1 The Colleague Experience Manager joined the meeting to receive questions on the We Invest in People interim report and key highlights. It was noted that the new assessor was very positive that further improvements will be made in the year ahead and the Committee welcomed the different perspective the assessor has brought.

10.3.2 The Committee reflected on the colleague comments around hybrid working and was pleased to hear of the work being undertaken by Project Evolution to improve RoS cultural issues, including how to improve team connections through encouraging cameras to be on in virtual meetings wherever possible.

10.3.3 The Committee reflected on the colleague comments around performance management and the steps taken to address poor performance, and was reassured to hear of the work undertaken to embed the expectation of regular monthly check in conversations for managers and their team members to help with this.

10.3.4 The Committee thanked the Colleague Experience Manager for leading on this work for RoS and for presenting the interim report today.

11. Outstanding Recommendations

11.1 Outstanding Recommendations Log

11.1.1 The Committee reviewed the outstanding recommendations log, noted the 4 issues that are currently on track and agreed the 9 recommendations for closure.

11.1.2 The Committee reviewed the 2 issues for discussion and agreed:

UID	Recommendation	Agreement reached
129	Data licencing – phase 2	Agreed second extension to 30.09.2023 to allow completion.
131	Data licencing issue	Agreed extension to 30.09.2023 to allow completion.

11.1.3 The Committee reminded the Enterprise Team of the ARC requirement to invite action owners to attend meetings where a second or further extension request is made and would have expected the owner of issue 129 to attend today's meeting.

11.1.4 The Committee agreed that the owner updates provided can be over complicated and that a more straightforward answer to address whether the recommendation has been satisfied or not would be appreciated going forward.

11.2 Cyber Resilience Further Assurance Review

11.2.1 The Committee noted the prototype additional assurance report and agreed to provide the Enterprise Risk Manager with feedback on the format and general approach outwith Committee.

Action – Committee members to provide the Enterprise Risk Manager with feedback on the format and general approach in the prototype Cyber Resilience further assurance review report.

12. Items for noting

The Committee noted the following items:

- Finance update – June 2022
- Link to [new performance hub](#) on RoS Website (*updated monthly*)
- RoS Board minute – March 2022
- Information Assurance Governance Report
- National Fraud Initiative (NFI) Exercise Checklist 2022 - 2023
- Certificates of Assurance 2021 – 2022
- Directorate of Internal Audit and Assurance Annual Report 2021 – 2022

13. Any other competent business

13.1 No other business was raised.

14. Items for escalation to RoS Board

14.1 The Committee agreed to include an update in the ARC paper to the RoS Board around the findings and learning from the GOO and HROD Management Essentials programmes and the change to the planned SGD IAA audit work around IT Security.

15. Meeting close

15.1 The meeting closed at 1330hrs. The Chair thanked all for attending and their contributions, and encouraged all to complete the effectiveness review questionnaire when it is circulated early September.

15.2 Date of next BAU meeting:
Tuesday 08 November 2022
1030hrs
St Vincent Plaza, Glasgow