

Audit and Risk Committee

Minutes of meeting

Date: 02/12/2015

Time: 9:30 am

Location: Room E, St Andrews House, Edinburgh

1. Apologies/welcome*

Members present:

Linn Phipps (Chair)

Moi Ali

Mike Ewart

Education Scotland attendees:

Lesley Brown

Laura Burman

Alastair Delaney

Maureen Gore

Gillian Howells

Bill Maxwell

Juliet McAlpine

Stuart Robinson

Daniel Waddell

Audit attendees

Jim Montgomery, Internal Audit

Mark Ferris, Audit Scotland

Laura Nelson, Audit Scotland

Apologies

Kate Dunlop

Alan Armstrong

Graeme Logan

Due to unforeseen circumstances Kate Dunlop was unable to attend the meeting. Linn Phipps chaired the meeting, in line with the terms of reference of the Audit and Risk Committee.

2. Minute of previous meeting and action log*[§]: 14 September 2015

Noted 1: On reflection, Jim Montgomery requested that his action of providing a forward plan of actions remain open.

Noted 2: Mark Ferris noted that the action for a private meeting between Audit Scotland members and the non-executive directors had not been completed.

Noted 3: As Maureen Gore has recently taken over Patricia Lewis' responsibilities in this area, the action for non-executive directors to be invited to attend the meeting where risks are being interrogated had not yet been completed. Maureen will be reviewing risk management arrangements in due course.

Noted 4: The action for a fuller discussion on Audit Scotland's report on school education will be scheduled for the next meeting to ensure that the appropriate colleagues from Audit Scotland can lead the discussion at the next meeting.

Action 1: Laura Burman to ensure that the action log provides all actions to be taken forward including those from previous meetings and that a commentary be provided where necessary.

Agreed 1: The minute was approved as an accurate record of the meeting.

3. Matters arising*

Noted 5: There were no other matters arising.

4. Declaration/register of interest*

Noted 6: This item was not discussed.

5. Internal Audit*§

Noted 7: Jim Montgomery highlighted the four key points within the Internal Audit progress report:

- work on Certificates of Assurance is in progress, with a meeting arranged with Gillian Howells next week;
- assurance provided regarding compliance with the Climate Change Public Bodies Duties – Internal Audit is content with the approach taken given that it is a trial for this year;
- strategic review of Internal Audit well advanced – Scottish Government's Audit and Risk Committee is taking the review very seriously which is a positive and welcome sign;
- temporary Internal Audit professionals recruited to mitigate resourcing pressures which have arisen due to EC related work.

Action 2: Jim Montgomery to ensure that the Audit and Risk Committee is informed of any other commitments which may divert resources.

6. External Audit*§

Noted 8: Mark Ferris informed members that planning work will meet intended deadlines with a draft timeline shared with Education Scotland. The final plan is scheduled to be ready for submission to the next meeting of the Audit and Risk Committee in March. Mark highlighted that as Education Scotland contributes to Scottish Government's consolidated accounts, that Audit and Risk Committee members should be aware of the recently published 2014/15 audit of Scottish Government Consolidated Accounts. Although the report was aimed at Scottish Government there are wider implications for the public sector across Scotland including greater transparency of assets across the board.

Action 3: The risks for Audit Scotland which may have an impact on Education Scotland be teased out.

7. Corporate performance report*[§]

Noted 9: The performance report was previously submitted and discussed at CMG. The report is now well developed and working well.

Noted 10: The role of the Audit and Risk Committee in regard to the corporate performance report is to seek reassurance that the organisation is interrogating the information and responding to issues the report raises rather than to delve into the detail.

Noted 11: The new planning approach will allow for better prioritisation and enhance our ability to respond quickly and flexibly. Although the new approach is essentially a process change, there needs to be a culture change to ensure its effective implementation. The Audit and Risk Committee has a role to play in enabling the culture change for example, prioritising our work in a more transparent manner as exemplified by the information submitted to the Committee on the works being stopped to free up resource for the Scottish Attainment Challenge. We should be able to do this more smoothly and naturally as a result of the culture change.

Noted 12: The corporate performance report allows Assistant Directors to better understand performance and accountability. The new planning approach ensures a clear line of sight of who is responsible and accountable for delivering programmes of work at Strategic Director and Assistant Director level. Having Audit and Risk Committee at that level would be beneficial in underpinning responsibility and accountability.

Noted 13: The role of non-executive directors through the Audit and Risk Committee was discussed in terms of how members will be assured and how they can help the assurance journey. Assurance will be provided by implementing a methodology and that it is being followed. Members should test assurance by using examples, such as risk interrogation and case studies such as the transfer of grant funding from a governance point of view and our rapid response approach.

Noted 14: The Organisational Improvement Programme (OIP) will have a workstream focused on accountability. Members will be well-sighted on the development and progress of this workstream. Programme Managers will also increase their role in terms of support and challenge.

Action 4: Laura Burman to refresh the arrangements for non-executive directors to link with programmes, previously referred to as shadowing, to ensure that they are part of the development and debate, but remaining independent. Non-executive directors are to be provided with context to ensure that their input is maximised rather than solely observant.

7.1 Work being stopped to free up resource for Scottish Attainment Challenge[§]

Noted 15: Stuart Robinson presented the papers submitted. The first spreadsheet sets out the non-staff savings that were made. The second spreadsheet focuses on how we've augmented our own staff to provide 18 part-time Attainment Advisors. More work is being carried out to determine where the time comes for the Attainment Advisors.

Noted 16: The exercise to provide the information also afforded other benefits. The leadership team was much more corporate in its approach, illustrating that the leadership programme is beginning to bear fruit. Questions have also been raised in regard to the impact and number of events.

Noted 17: The new approach to planning and the new corporate plan should set a strong narrative in terms of setting our priorities for the next four or five years, ensuring our staff work corporately, normalize the possibility of saying no and bring about consistency and fairness across the organisation.

8. Finance report*[§]

Noted 18: Gillian Howells presented the report to the Committee, highlighting that some changes have taken place since the last report, notably the uncertainty of the budget transfer for Attainment Advisors (£440k). Further work will be undertaken on the report once final agreements have taken place. The deadline is 10 December.

9. Corporate risk*

9.1 Risk register[§]

Noted 19: Maureen Gore provided an overview of the corporate risk register. The key points covered were: mitigating actions have been updated; and two risks remain at red at residual level.

Noted 20: Maureen Gore will be reviewing the risk management approach which will ensure that the corporate risk register is an integral part of the approach, is robust and aligns with our new programmes of work.

Action 5: Maureen Gore to consult with non-executive directors on the revised risk management approach with further consideration of a formal agenda point at the next meeting of the Committee.

9.1 Interrogation of CR3[§]

Noted 21: Maureen Gore provided members with an overview of the interrogation of corporate risk 3: need to ensure that Education Scotland is a flexible, proactive and responsive organisation which is able to adapt to significant changes at a local and national level.

Noted 22: The process helped to understand the risk and that it's clear that a wider group should be included in future interrogations of risk. The discussion itself is iterative and should capture key questions we should ask ourselves such as how good are we at influencing? How do we know how good we are at influencing?

Noted 23: The process of appointing Attainment Advisors necessitated the need to review the skills and experience required for our permanent staff to ensure that we can adapt to changing requirements.

Action 6: Mark Ferris to share the Audit Scotland impact report on staff engagement with Laura Burman for circulation to all members.

10. Health and safety report*[§]

Noted 24: The contents of the health and safety report were noted.

11. Any other business*

Noted 25: No other business was discussed.

12. Date of next meeting*

Noted 26: The date of the next meeting will be scheduled shortly with invitations to follow.