

Meeting of the Audit and Risk Committee

A meeting of the Audit and Risk Committee was held on Thursday 5th March 2015 at 13:30 pm in the Boardroom, Denholm House.

1. Apologies/welcome*

Members present:

Kate Dunlop (Chair)
Linn Phipps
Mike Ewart
Moi Ali

Education Scotland attendees:

Bill Maxwell
Alan Armstrong
Alastair Delaney
Lesley Brown
Linda Rae
Gillian Howells
Stuart Robinson
Rossana Kausar
Patricia Lewis (*Item 7&8*)

Audit attendees:

Les Henderson (Internal Auditor)
Jim Montgomery (Internal Auditor)
Mark Ferris (External Auditor)
Laura Nelson (External Auditor)

Kate welcomed Jim Montgomery (Internal Auditor), Mark Ferris (External Audit) and Rossana Kausar (new secretariat) to the meeting.

Kate noted apologies from Graeme Logan.

2. Minute of previous meeting and action log*

Noted 1: Kate noted that she was happy with the style of the minute.

Noted 2: Mark Ferris noted that references made to the Internal Audit Plan on Page 3 should be 2014/15.

Agreed: Following correction, the minute was approved as an accurate record of the meeting.

3. Matters arising*

Kate asked Bill for a follow up from the last meetings update on the new Ministerial Team.

- Bill noted that there has been rapid progress since the last meeting with a re-shuffle of ministerial portfolios. This has increased pressure on Education Scotland as an agency with a requirement to show high political awareness and sensitivity and to respond with speed and agility to new emerging policy initiatives. The new Attainment initiative has been particularly demanding in this regard, but the organisation has responded well to ensure we play a leading role in how this key new 'flagship' programme is designed, developed and implemented.
- The First Minister is showing a very strong personal interest in education policy and closing the attainment gap in particular. The Cabinet Secretary is of course very strongly focussed on the same agenda, and also brings with her, from her previous portfolio remit, a very strong commitment to seeing successful implementation of the Developing the Young Workforce agenda.

4. Declaration of interest*

Noted 1 No declaration of interest.

Items for discussion

5. Internal Audit

5.1 Progress Update

Noted 1: There is one significant change to the audit programme, which is replacing Promoting Learning and Leadership across Practitioners with the Assurance Mapping Review. Internal Audit will return to Promoting Learning and Leadership across Practitioners in 2015/16 if it is thought a sufficient priority.

Noted 2: The approved audit programme for 2014-15 contains 3 main reviews and 3 follow up reviews. The main reviews are:

- Controls over Grants – report being drafted for issue in early March
- Governance, Risk and Financial Management – final aspects of fieldwork near completion and drafting of report in progress, due mid-March
- Promoting Learning and Leadership Across Practitioners - now replaced with Assurance Mapping

Follow-up Reviews are:

- Governance, Risk and financial Management 2013-14 - Report being drafted.
- Review of EdScot and IT Platform - Report being drafted.
- Effectiveness of Processes underpinning the provision of policy advice – scheduled for March 2015.

Noted 3: Good progress is being made towards the completion of the 2014/15 Internal Audit Plan. Full plan will be delivered by end of March in time for annual assurance.

Noted 4: Planning for 2015/16 has begun.

Action: Members are invited to provide comments regarding the plan for 2015/16 to Les by e-mail.

Noted 5: Les advised that Jim Montgomery will be taking over as Internal Auditor for 2015/16.

5.2 Management update on the Review of the Governance, Risk and Financial Framework.

Agreed 1: Alastair Delaney gave an update and it was agreed that further updates in this format are not required from this point on and, as an alternative, he will give an update on Organisational Development.

Agreed: Audit and Risk Committee agreed that a themed report in future would be more helpful. Impact to be included in any future reports. Alastair to action.

5.3 Planning for the 2015/16 Audit Plan 5.3

Noted 1: Members were invited to consider the document provided and comment on the adequacy of the planning process.

Noted 2: It was agreed that the methodology looks positive and robust. Jim Montgomery is supportive of the general approach proposed and keen to focus on outcomes.

6. External Audit*

6.1 Progress Update

Noted 1: Laura Nelson and Mark Ferris gave a verbal update on the external audit. Audit Scotland has not published any performance audit reports of direct interest to the committee since the last meeting of ARC.

6.2 2014/15 Audit Plan

Noted 1: The Audit plan summaries the key challenges and risks facing ES and sets out the audit work proposed for 2014/15. Planned work in 2014/15 includes:

- An audit of the financial statements
- A review and assessment of governance and performance arrangements
- Review of National Fraud Initiative arrangements
- Provision of an opinion on the Scottish Government consolidation templates

7. Performance Report and Financial Framework

7.1 Performance Report and Financial Forecast

Noted 1: Patricia Lewis joined the meeting to deliver the performance report and financial forecasts.

There have been significant improvements in performance reporting although still a number of improvements to be made. A detailed performance report was provided for Directorate A. Similar reports are available for Directorates B, C and D by request.

Noted 2: The Committee was encouraged by the progress made to date and looked forward to seeing the products of further development along the lines indicated.

Agreed 1: It was agreed that the top level report would be sufficient for future meetings. However, if members required to see further levels for Any Directorate, they can be available on request.

7.2 Financial Report 2014/15

Noted 1: Gillian Howells presented the Financial Report 2014/15. Expenditure is currently forecast to be over £3.3m over the allocated budget but within the limits of the agreed pressures already agreed and accepted by the L&J portfolio. SG have already offered £3.6m of budget to meet the shortfall as underspends within the learning portfolio have been identified.

8. Progress with Business Planning 2015/16

Noted 1: Patricia gave a verbal update on the progress with Business Planning 2015/16. Each work area has now produced a high level business plan and these formed the basis of the 15-16 budget forecasts. During March, programme and business managers will be working with Assistant Directors and project leads to flesh out business plans, ensuring that the 2015/16 business plan for Education Scotland will be published at the start of the financial year.

Noted 2: Good progress has been made this year with business plans in place earlier than previously and a budget forecast linked to these plans which can be tracked and improved.

9. Corporate Risk

9.1 Risk Register

Noted 1: Work has been undertaken to interrogate operational risks which has allowed a clearer picture of the Corporate Risk Register to be identified. It was recognised that more ownership and accountability needs to be built in to the lower level risks.

Action: Edits to be made to the risk register to more accurately reflect the current situation. Realistic dates to be added. Alastair to action.

9.2 Analysis of CR1

Noted 1: A paper was tabled which explored Risk CR1 and some of the mitigating actions being undertaken. This was noted as an interesting development.

Action: Survey results of MSPs to be brought to Management Board. Linda to action.

Action: Executive Team to interrogate CR2 and report on this at the next meeting. Linda to take forward.

10. Annual Report to Management Board

Noted 1: The last Annual Report to Management Board was in 2012. Now that all Non-Executive Directors are on both committees, Kate asked for advice on preparing an annual report. There was discussion regarding Governance.

Action: Mark Ferris to check audit requirements. Linda to check the framework document and Terms of Reference. To be discussed at the next meeting.

Items for noting

11. Certificate of Assurances

Noted 1: Gillian Howells presented the draft Certificate of Assurance.

Action: Any feedback to be sent to Gillian Howells by e-mail. Action all members.

12 Quarterly Health and Safety Report

Noted 1: Gillian reported that there have been two accidents since the last meeting.

Noted 2: The Working group established for Health, Safety and Sustainability met on 19th January 2015. A Health, Safety and Sustainability Policy Statement has been drafted and will be circulated to the Executive Team for approval.

Noted 3: Co-ordinators will be identified in each of the buildings occupied by Education Scotland, who will support the implementation of the system by identifying areas for improvement, promoting good practice in their work areas and being a point of contact for advising and sharing health, safety and sustainability information with colleagues.

14. Any other business

There was no further business.

15. Date of next meeting*

Kate closed the meeting by thanking all of those present.

The next meeting is scheduled to take place on Thursday 11th June 2015, in the Boardroom, Denholm House, Livingston.