

Education Scotland Audit and Risk Committee (ARC)

Minutes of meeting held – 5 June 2017 – 13:00

Members:	Kate Dunlop (KD) Moi Ali (MA) Mike Ewart (ME) Linn Phipps (LP)	Non-executive Board Member (Chair) Non-executive Board Member (NEBM) Non-executive Board Member Non-executive Board Member
Attendees:	Bill Maxwell (BM) Alan Armstrong (AA) Alastair Delaney (AGD) Graeme Logan (GL) Kate Moffat (KM) Iain Burns (IB) Dave Richardson (DR) Kerry Nelson (KN) Laura Burman (LHB) Nina Hyslop (NH)	Chief Executive Strategic Director (SD) Chief Operating Officer (COO) Strategic Director (until 14:00) Internal Audit (IA) Internal Audit Audit Scotland (AS) Audit Scotland Acting Head of Governance Secretary
Apologies:	Lesley Brown (LRB) Jennifer Inglis-Jones Roz McCracken (RM)	Strategic Director Audit Scotland Head of Governance

Welcome and apologies

1. The Chair welcomed all members and attendees to the meeting. Apologies were noted from Lesley Brown, Roz McCracken and Jennifer Inglis-Jones.
2. Apologies were noted for the late cascade in issuing papers for this meeting. This was due to timing of the audit, along with other complications. NEBMs emphasised requirements around sound Governance operational procedures, and for papers to be issued in good time. Meeting papers have been requested to be issued at the earliest opportunity, advising members and attendees of any outstanding papers which are to be forthcoming as soon as possible.
3. The Chair acknowledged that this was the final meeting of ARC for BM. Thanks are to be recorded, on behalf of the Committee, around the contribution made by BM and the working of the agency and ARC. Positive audit responses were to be recognised and that thanks are recorded along with best wishes for his future endeavours.
4. The Chair asked on behalf of the Committee around succession arrangements which are planned for the CE role of the agency. BM confirmed that interim arrangements will be in place, which will be announced following publication of the Governance Review, scheduled for 15 June 2017. It is anticipated that there will be a two week overlap of the outward and interim CEs, prior to BM retiring.
5. The Chair expressed gratitude on behalf of the NEBMs on the managerial update at the earlier Performance Framework meeting, having recognised the efforts by the Assistant Directors. The session was noted to be worthwhile.

Minutes of previous meeting and action log: 9 March 2017

6. The minutes of the meeting held on 9 March 2017 were approved as a true record of the meeting.
7. All actions from the March meeting of the Audit and Risk Committee have been completed.

Action: A wider strategic visioning piece at the Autumn ARC to discuss the Governance Review should be noted for the agenda. NH

Declarations/register of interest

8. No declarations of interest to note.

Internal Audit

9. Three papers were presented to the ARC:
 - a. A progress report and corporate review, providing assurance and a timetable to put actions into place.
 - b. Annual assurance which provides substantial assurance, having raised the assurance of the organisation, with all implementations having been implemented; and
 - c. Annual Plan for 2017-18. The Corporate Plan was highlighted, around improved controls which have been put in place, and review more targeted around the inspection programme.
10. Regular meetings have taken place between NEBMS and IA. It should be recognised the positive movement and further stability in the organisation. KM acknowledged the benefit in having regular catch up meetings between IA and ES, which allowed for improved understanding of expectations from both sides. Subtle but positive progress should be noted, with thanks to efforts on both sides.

External Audit

11. It was mentioned that this is a fairly rigid process on the inexperienced auditors report and on international standards of auditing, with concerns on matters arising. The audit has been substantially completed, however information from MyCSP is to be returned. The required information is out with IA and ES's control.
12. Following the request to members around items to be brought to their attention, nothing unusual to be noted within the audit findings, and therefore BM confirmed that he was content with the AS letter.
13. Around the topic of governance and transparency, it was to be noted that the accounts had been received at the end of April, which should be noted as a great achievement, having been very well written and that significant anomalies had been raised, and subsequently will be ironed out in the coming year for reporting purposes.
14. Within the risks noted in Appendix 1, LP raised whether these are to appear in the Corporate Risk Register around cyber hacks and digital strategy. This will be considered for the Corporate Plan which is planned for the autumn.

15. When asked to consider whether ES has adequate NEBM scrutiny, it was advised that contracts had been extended in the summer of 2016, for a period of three years, and following the outcome of the Governance Review, a recruitment exercise would be undertaken for additional NEBMs to undertake different Board responsibilities (current NEBMs sit on both ARC and Management Board).

16. It should be noted on record that it is to be commended that we have come in within the budget for 2016-17.

Action: AS report to be submitted Management Board, for formal approval. NH

Finance report

17. SAR echoed the comments of AS regarding the efforts of the Finance team to finalise the accounts, which are complete other than MyCSP information. The £400k underspend recorded has been used to fund the voluntary exit scheme.

18. Travel and subsistence claims have reduced, which has been the result of increased usage of the new VC and Skype for Business facilities, purchased as a spend to save effort in 2016-17.

Action: The Finance report to be submitted to Management Board, for formal approval. NH

Spending review and restructure

19. The only note of change to be recorded from the previous meeting of ARC was the sign off of the final structure by the ES Change Board. Some delays had been encountered recently due to a change in union rep. This has not caused major delays in progressing with the restructure.

Performance

20. An annual review of the Portfolio Board dashboard was presented to ARC for noting, to provide assurance on how the Portfolio Board has progressed and managed issues.

Corporate Risk Register (CRR)

21. LHB took the Committee through the update to the CRR, with substantial amends made to the risk wording reverting to negative phrasing, which will aid understanding at a corporate level. A Strategic risk session will be held with ES and NEBMs on 13 June 2017.

22. Members were asked to note risks which have changed; R04 on staff resources the risk has increased since the last meeting, which is due to restructuring, with a number of roles requiring to be filled due to vacancies/frozen posts and leavers. Arrangements are in place to manage recruitment to fill these posts.

23. Also noted was the role and purpose of the agency (R06), whilst this is not a new risk has continued from the previous Corporate Plan (to 2016), and which will be included in the Corporate Plan due to be published in the autumn (following the Governance Review).

24. It was requested that R06 required further clarity, due to the bigger impact of the risk being failure to deliver, and should be strengthened. Further discussions will take place at Strategic Risk session.

25. Widespread belief on ES having a conflict of interest between its inspection function and other responsibilities (R08). The ARC were reminded that ES has recently appeared at two sessions with the Education and Skills Committee to respond to, and address concerns around its dual role.

26. It was acknowledged that the revised format will aid strategic understanding going forward and that the breakdown of risks has improved.

Certificates of Assurance

27. A draft of Certificate of Assurance was presented at the ARC meeting on 9 March. The contents of the internal control checklist (ICC) were noted, with ES confirming as accurate and approval granted. The ICC supports the governance statement.

28. It is to be noted on record that this was an excellent piece of work, with thanks given by NEBMs to ES.

Health, Safety and Sustainability report 2016-17

29. The annual report combines a policy statement and details recommendations. Alongside the annual report, eight incidents from November 2016 to March 2017 have been reported.

30. It was also noted that additional work has been undertaken by the Facilities Manager on office moves within Optima, Clydebank and Saughton. Reporting is expansive and work in progress to address issues noted. No further comments made by ARC.

Any other business

No other business was discussed.

Date of Next Meeting

Next meeting of the group to be held 6 September 2017, Boardroom, Denholm House.

Nina Hyslop (Secretary)
7 June 2017