

## Meeting of the Audit and Risk Committee

A meeting of the Audit and Risk Committee was held on Friday 5 December 2014 at 10:30 am in the Boardroom, Optima, Glasgow.

In advance of the meeting, the Committee members had a non-minuted private session with the Internal and External Auditors, in accordance with what is now being established as routine practice.

### 1. Apologies/welcome\*

**Members present:**

Kate Dunlop (Chair)  
Linn Phipps  
Mike Ewart  
Moi Ali

**Education Scotland attendees:**

Bill Maxwell  
Alan Armstrong  
Alastair Delaney  
Graeme Logan  
Lesley Brown  
Gillian Howells  
Linda Rae  
Nicola Mellis  
John Brodie (*Item 11, Corporate Risk*)

**Audit attendees:**

Les Henderson (Internal Auditor)  
Laura Nelson (External Auditor)  
Chris McClelland (External Auditor)

**Scottish Government attendee:**

Leslie Evans

### 2. Update from Bill Maxwell

Bill welcomed Leslie Evans and Chris McClelland to the meeting.

Bill provided an update on the internal changes and welcomed Lesley Brown in her new role as Strategic Director, Families, Inclusion, and Local Authorities. Bill also updated the committee on the retirement of Neil McKechnie, Programme Director from December 2014.

An update on the Staff Survey results was also provided by Bill which showed an increase of 2% on the overall engagement score. The People Board have discussed the overall results but will have a more in-depth look in January. An Action Plan will be created and tabled at the next Management Board meeting in March 2015.

**Action: Action Plan following the Staff Survey results to be considered at the Management Board meeting in March 2015. Alastair to action.**

### 3. Minute of previous meeting and action log\*: 13 June 2014

Agreed: The Minute of the previous meeting was approved.

Noted 1: Action 2: due date to be changed to March 2015.

**Agreed: The group agreed that going forward the status box on the action log should always be completed. Actions should then be kept on the log until committee agrees that they can be removed. A 'RAG' status to be added.**

### 4. Matters arising\*

Noted 1: There were no matters arising.

### 5. Declarations of interest\*

Noted 1: No declarations of interest

## Items for discussion

### 6. Implications of the outcome of the referendum and ministerial changes

Noted 1: Bill gave an update and the following was noted:

- The Programme for Government had been published. This provides an opportunity for Education Scotland in relation to the recruitment of Attainment Advisers for every local authority.
- Early discussions have taken place with Learning Directorate and work is being undertaken to scope out the work required.
- Possible risks were also discussed, including a lack of resources required, eg funding and staffing.
- Bill will be having a one to one meeting with Ms Constance to discuss Education Scotland and how the organisation can support her.

### 7. Internal Audit

#### 7.1 Progress Update

Noted 1: Les Henderson gave an update and the following was noted:

- Progress against 2014-15 planned activity is on track.
- Review of Grants is almost complete and showing some very positive findings so far with the new processes in place which result in better monitoring.
- Les noted positive progress on the Governance follow up work. More robust scrutiny and challenge is evidenced and better reports are being

presented to committees, such as the Change Board. Business Planning has improved.

- Significant progress had been made on the implementation of the single IT platform with 61% of colleagues now on Scots. The new intranet has been developed and launched.
- A 'deep dive' will be undertaken in February 2015.

Noted 2: Planning for 2015/16. Les indicated that he will be asking the Executive Team and the Non-Execs for their key issues and priorities. Plans for 2015/16 should be based on key risks and priorities. It was felt that there should be an opportunity for the Committee to look at the scoping and how audits are linked to risks.

**Action: Les to run a session on Planning for 2015/16 at the Audit and Risk meeting in March 2015. Les to action.**

## **7.2 Management Update on the Review of Governance, Risk, and Financial Frameworks**

Noted 1: Alastair Delaney gave an update on progress and the following was noted:

- The Strategy Paper for Strategic Objective 5 is in development and will be discussed at Management Board.
- All Governance meetings for 2015 have been scheduled in a way which provides a clear path for decision making.
- Governance meeting cover sheet is now being implemented which is being used consistently across all Governance meetings.
- The Records Management Policy and Action Plan has been signed off by CMG.
- Education Scotland will be adopting the Scottish Government eRDM system of records management. The move to this system will be monitored through the Change Board.

Noted 2: Alastair provided an update on business planning and the outline budget for 2015/16. CMG are discussing and considering.

## **8. External Audit\***

Noted 1: Laura Nelson gave a verbal update on the external audit. Laura welcomed Chris McClelland who will be involved in the detailed planning work for 2015/16. She also let the committee know that Mark Ferris will be attending future meetings, replacing Alasdair Craik.

Noted 2: The Committee wanted to formally thank Alistair Craik for his work and commitment to the committee.

Noted 3: Discussions are on-going with Les to produce the audit plan for 2015/16, which will be tabled at the March meeting.

**Agreed:** Laura was asked to provide a written update for future meetings. This was agreed.

**Action:** Audit Plan for 2015/16 to be discussed at the March 2015 meeting.

## **9. Performance Report and Financial Framework**

**Noted 1:** Alastair provided the latest performance report which illustrated the first level of information. He explained that this type of information is available down through different levels of the organisation.

**Noted 2:** The following was discussed and noted in relation to the financial budget 2014/15:

- There is an expected saving of £779,932. This includes the additional cost of the Scots migration. A deep exercise will be undertaken in January to ensure all figures are considered and accurate.
- Currently applications for a voluntary exit scheme are being considered, which could mean a one off payment. However, savings will be made thereafter. Decision will be made on 16 January.
- The development of the Planning and Performance Team allows them to encourage the Assistant Directors to make savings and stick to it.

**Agreed 1:** The committee felt that the commentary box was not completed with enough information and that going forward there should be an explanation for any changes and any areas marked red.

**Agreed 2:** The committee agreed that it would be useful to see the full suite of levels of information, or at least a couple of levels down.

**Action 1:** A table of key metrics to be created to sit alongside the Performance Report. Alastair to action.

**Action 2:** A commentary on any areas which have changed or are red to be provided. Alastair to action.

## 10. Progress with Business Planning 2015/16

Noted 1: Lesley Brown discussed the findings from the horizon scanning exercise which took place in September 2014 and the following was noted:

- The exercise confirmed that the Vision, Mission and Strategic Objectives from the current Corporate Plan remain the same.
- Assistant Directors have been tasked with engaging with our stakeholders to discuss priorities for 2015/16, specifically what will be expected from Education Scotland. ADs will present their Business Plans on 30<sup>th</sup> January 2015.
- The committee was advised that it is likely that Education Scotland will take over the responsibility for Registrar for Independent Schools, which is currently held with Scottish Government.

Noted 2: The process for business planning for 2015/16 is very much on track and the expectation is that the Business Plan will be agreed and in place for 1<sup>st</sup> April 2015.

## 11. Corporate Risk

### 11.1 Risk Register

Noted 1: John Brodie joined the meeting and advised that the Planning and Performance Team will be taking over the monitoring of Corporate Risk.

Noted 2: He explained that risks at project level are managed with the Business Planning Tool. A single risk register will be established and the risk management group will be re-established. This should provide consistency across the organisation. The Planning and Performance Team will be challenging each of the risks in more detail.

**Agreed 1: It was agreed that there needs to be more definition on the controls on the register. The committee felt that the current controls sounded more like aims.**

**Agreed 2: Risks should be broken up to give a clearer picture of each with a named person against each risk.**

**Action 1: The following actions were noted for the risk register:**

- **Spelling mistakes to be fixed at risk CR5 and CR6.**
- **Definition to be given to controls.**
- **Add an owner to each risk.**

**John Brodie to action.**

**Action 2: Opportunity to be given to the Committee to analyse risks in greater depth at future meetings. Secretariat to action.**

## **11.2 Moving towards an Assurance Framework**

Noted 1: Linda presented a paper which set out the plans for an Assurance Framework. The committee felt that this was moving in a positive direction.

**Agreed 1: The committee agreed that it would be beneficial for Education Scotland to work with internal audit to create the framework, rather than Internal Audit doing it themselves.**

**Actions: Linda and Les to meet to discuss how to progress.**

## **Items for noting**

### **12. Quarterly Health and Safety Report**

Noted 1: John Walter provided a Health and Safety Report.

Noted 2: A Health and Safety Sustainability Group will be created. This will be chaired by Alastair Delaney in the short term and once established the chair will pass to someone else.

Noted 3: The Committee asked for reassurance that risks regarding the health and safety of employees is being properly supported.

**Action: A paper to be drafted to show the areas of risk and actions being taken to mitigate against the risk. John Walter to action.**

### **14. Any other business**

No other business was noted.

### **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 5 March 2015, in the Boardroom, Denholm House, Livingston.