

Meeting of the Audit and Risk Committee

A meeting of the Audit and Risk Committee was held on Thursday 11 June 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
Graeme Logan (late)
Alastair Delaney
Lesley Brown
Linda Rae
Gillian Howells
Stuart Robinson
Rossana Kausar
Ben Gray*

Audit attendees:

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

Kate apologised, on behalf of Linda, for the change in timing and venue for the meeting.

Kate welcomed Ben Gray to the meeting who is shadowing Linn Phipps. Kate noted apologies from Alan Armstrong and that Graeme Logan would attend the meeting late. She also noted that Moi Ali, Les Henderson and Lesley Brown would need to leave early due to other commitments.

2. Minute of previous meeting and action log*

Noted 1: Mark Ferris noted that reference to the Audit Plan on Page 4 should be 2014/15.

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

Noted 2: Action Log

Action 1 – on agenda, can now be closed

Action 2 – to be carried to the next meeting

Action 6 – no progress had been made. This action to be carried to the next meeting.

3. Matters arising*

Noted 1: There were no matters arising.

4. Declaration of interest*

Noted 1: Mike Ewart advised the Board that Chivas Brothers are making a financial contribution to an education trust which he is involved with.

Noted 2: Ben Gray asked the Board to note that he is on the Board of Twig.

Items for discussion

5. Internal Audit

5.1 Annual Assurance 2014/15

Noted 1: Les Henderson presented the Annual Report on Internal Audit activities within Education Scotland in 2014/15.

Noted 2: On the basis of the work undertaken, Internal Audit were able to provide reasonable assurance in respect of the Agency's risk management, control and governance arrangements.

Noted 3: The Committee were asked to note that this reasonable assurance is stronger than last year, with a more stable governance platform in place this year. There had been a number of areas of improvement, particularly the Strategic Boards working well. The Strategic Hub had proved of benefit.

Noted 4: There are still areas for improvement, for example transparency of performance reporting and KPIs being set at the beginning of the year and reported on throughout the year. Les noted that the Agency will need to be in a position to report on the Corporate Plan soon.

Noted 5: The opportunity to use the expertise of the Non Executive Directors at the early stages of strategic work was highlighted. Alastair agreed that he would welcome the involvement of the NXDs in developments over the summer.

Agreed 1: The committee noted reasonable assurance has been provided for the Annual Report and Annual Governance Report and agreed that this represented good progress in the maturity of the agency's systems.

Agreed 2: Review of Grant Funding - The committee noted limited assurance has been provided but agreed they were satisfied that appropriate action was underway to improve this assurance through more consistent centralised procedures.

5.2 2015/16 Annual Plan

Noted 1: Les advised that he had engaged with Alastair and Stuart on the Audit Plan for 2015/16. The paper provided proposes three reviews as below:

- ES role in promoting leadership and learning across practitioners. This was originally in the 14/15 Plan, but dropped in favour of assurance mapping.
- Learning ICT programme, including Glow implementation, culture, content and support for new NQs.
- Local Authority programme implementation, focussing on engagement with local authorities to build capacity and secure continuous improvement education provision.

Noted 2: Follow up reviews will also been undertaken to ensure that the recommendations for the 2014/15 reports (Grants and Governance) are implemented.

Agreed 1: The Committee agreed this represented an appropriate programme for internal audit in 2015/16.

6. External Audit*

6.1 Annual Audit Report 204/15

Noted 1: Mark Ferris presented a covering letter including the proposed auditors report and the Letter of Representation.

Noted 2: Outstanding matters reported include the remuneration report, finalised internal audit reports produced in 2014/15, outstanding disclosures from the Scottish Government.

Noted 3: Outstanding disclosures have now been provided and the internal audit report has been received.

Agreed: The Committee noted that, subject to the satisfactory conclusion of outstanding matters and receipt of a revised set of financial statements, the auditors would be able to issue an unqualified auditor's report on 12 June 2015 and agreed this was a very positive outcome.

6.2 Audit Progress Update 2014/15

Noted 1: The Action Plan was considered and discussed. It was noted that the production of a Digital Strategy should be a priority. Stuart advised that a new Head of Digital had now been appointed that they will take this forward.

Action: It was suggested that Education Scotland could look at the 'On Board' guidance to see if this could be adapted for the agency. **Action:** Stuart.

Noted 2: Kate thanked Audit Scotland for their full and comprehensive report.

7. Update on Organisational Development

Noted 1: Alastair Delaney provided an update on Organisation development, noting progress on governance, staffing, the structure and design of the organisation and internal communications.

Noted 2: Alastair gave an update on the Leadership Development work which is currently being undertaken with the Assistant Directors. A final review will be shared with the Committee in February 2016.

8. Updated on Attainment Advisors

Noted 1: Lesley Brown provided a progress update on the recruitment of the Attainment Advisors as part of Education Scotland's contribution to the Scottish Attainment Challenge.

Noted 2: A national recruitment campaign to appoint Attainment Advisors started on the 15th May 2015 with the aim of appointing the first seven Advisors by end of June 2015.

Noted 3: Lesley discussed the risks and mitigating actions and advised the committee that a more detailed risk register is being developed. One major risk was identified as a financial risk as ES needs to absorb the cost of most of the Attainment Advisors, requiring substantial work to re-shape spending elsewhere in our budget to accommodate. In addition, it was highlighted that this work is extremely high profile which represents a reputational risk as well as a very positive opportunity for Education Scotland, given our lead role.

Noted 4: A meeting has been scheduled for August 2015 to consider the budget for 2015/16 and to identify options for savings more generally across the business plan.

9. Update on Review of Future Inspection

- Noted 1: Alastair presented an update on the progress of the Future Inspection review. There was discussion regarding the potential risks and challenges.
- Noted 2: There had been wide-ranging and extensive engagement with key stakeholders and the creation of an external reference group.
- Noted 3: From the consultation, a set of new methodologies will be tried by September 2015. These are:-
- A neighbourhood model
 - Short, focused visits
 - Localised thematic reviews
 - Negotiation over what inspection covers
- Noted 4: The inspection review remains on track with strong buy-in from stakeholders to both the purpose and the proposed try-outs of new methodologies. Any permanent changes to the inspection model will be introduced formally until August 2016.

10. Corporate Risk

10.1 Assurance Map

- Noted 1: Linda presented the completed Assurance Map in respect of the appropriate Business Plan entries for 2015/16 included in Education Scotland's Business planning tool. This report summaries the key findings of the internal audit review of assurances identified by senior staff.
- Noted 2: The assurance map was developed using the Treasury standard '3 Lines of defence' framework. The assessment of assurance provided is subjective and based on auditors' knowledge and experience and information provided during interviews with each Assistant Director.
- Agreed: It was agreed that this was a useful piece of work although it was a complement to the Risk Register Framework rather than a substitute for it. It is now the responsibility of Education Scotland to maintain the assurance map and use this to inform the development of the Risk Management Framework.**

10.2 Corporate Risk Register

Noted 1: Responsibility for the Risk Register has now passed to Patricia Lewis, Assistant Director, following the unexpected departure of the previous risk manager.

Noted 2: Two new risks have been added following an analysis of the risks related to the Attainment Challenge project.

11. Annual Report to Management Board

Noted 1: Kate present the draft annual report from the Audit and Risk Committee to the Management Board.

Agreed 1: Members agreed they were content with the report, although Mark had some clarification which he would feedback to Kate.

Action: Once clarification has been received from Mark, Kate to finalise the report and submit to Management Board. Action: Kate.

12. Self-Evaluation of the Audit and Risk Committee

Noted 1: Linda advised the group that the Terms of Reference require the committee to complete a self-evaluation annually. Linda had provided a checklist from the SG Audit Committee Handbook. The committee discussed the best format for this exercise.

Agreed: The need for the Management Board self-evaluation was also discussed and it was agreed that these could be combined, with a sub-section for Audit and Risk.

Action 1: Linn to share an alternative questionnaire with Kate and Linda. Action: Linn.

Action 2: Linda and Kate to meet to discuss completion of any self-evaluation within a six month period. Linda to set up a date for initial discussion. Action: Linda.

Items for noting

13. Annual Accounts 2014/15

Noted 1: Gillian Howells presented the annual account and advised that all the details are correct but the Remuneration report is still outstanding.

Agreed: The Committee agreed to recommend approval of the accounts by the Management Board assuming the addition of accurate remuneration data.

14. Annual Health and Safety Report

Noted 1: Gillian presented the Annual Health and Safety Report which provides an update on health and safety activity in Education Scotland over the past 12 months.

Noted 2: It was noted that now that there is now an established Working Group who will take the lead in the development of Education Scotland's health, safety and sustainability management issues.

15. Any other business

Noted 1: The Audit Scotland report on School Education in Scotland was raised by Mark.

Action: Report to be circulated to members. Action: Linda.

16. Date of next meeting*

Kate closed the meeting by thanking all of those present.

The next meeting is scheduled to take place on Monday 14th September 2015, in the Boardroom, Denholm House, Livingston.