

Meeting	Audit and Risk Committee
Date	18/12/2019
Time	10.00 – 13.00
Venue	Denholm House

Minute

Members

John Fyffe	NEBM (Chair)
David Gemmell	NEBM
Aileen Ponton	NEBM
James Wallace	Independent Member

Attendees

Gayle Gorman	Chief Executive
Gillian Hamilton	Strategic Director
Gillian Howells	Head of Finance
Andrew Kerr	External Audit
Roz McCracken	Head of Governance
Janie McManus	Strategic Director
Mel O'Bryan	Business Partner
Dave Richardson	External Audit
Julie Taylor	Internal Audit
Karen Wilkinson	Internal Audit
Lesley Macaulay	Secretary

1. Welcome and apologies

1.1 The Chair welcomed everyone to the meeting. Aileen Ponton, James Wallace, Gayle Gorman, Gillian Hamilton and Janie McManus joined the meeting by VC from Optima, Glasgow.

1.2 The Chair welcomed Gillian Hamilton who was attending as the Interim Strategic Director (SD) for Corporate Services and Governance. A welcome was also extended to Mel O'Bryan, Business Partner, who was for attending for development purposes and to co-present the Directorate Risk Register paper and to Gillian Howells, Head of Finance. Apologies were noted from Dougie Shepherd, Internal Audit.

1.3 The Chair reminded the Committee that the meeting would proceed on the basis that everyone had read the papers and that presenters were only required to provide updates.

2. Minute of meeting 18 September 2019, matters arising and action log

2.1 The Minute of 18 September 2019 was agreed with the following substituted at paragraph 8.2: -

It was noted that Annex A of the risk management strategy contained suggested questions that the Directorate Management Teams, Advisory Board and ARC could use when reviewing/evaluating the agency's risk management strategy.

2.2 The actions ARC 04 - 07/19-20 had been completed and were now closed.

2.3 Only one action remained outstanding: -

- **ARC 059/18-19** – Assurance around the issue of Information Governance to be brought to ARC.

It was confirmed that the key pieces of work had been identified and a timeline with clarity of responsibility was being developed. It was agreed that the forecast date for completion should be amended to better reflect the timeline.

Action - ARC 059/18-19 the forecast date should be amended to better reflect the timeline

3. Declarations/Register of Interest

3.1 No declarations/registrations of interest were noted. David Gemmell agreed to provide the Secretariat with a list of the projects he was currently working on.

4. Internal Audit

4.1 Julie Taylor provided a brief summary of Internal Audit activity in Education Scotland (ES) since the last meeting. It was noted that (1) planning was underway for the 2020/21 audit plan; (2) the draft report had been issued for the Organisational Development review; (3) follow up work was complete for the Procurement and Contract Management Review and work was in progress for the Financial Management Review.

4.2 Roz McCracken confirmed that agency's approach to change management would be included in the Corporate Governance Guide that was currently under development.

5. External Audit

5.1 Dave Richardson updated the Committee on (1) the progress on the audit of 2019/20 annual accounts; (2) recent reports published by Audit Scotland in the period October-December 2019; and (3) planned national audits in 2019/20.

5.2 The planning work for the 2019/20 audit was complete. Timings and key dates for the 2019/20 audit of the annual accounts had been confirmed with the interim work commencing 3 February 2020. The Committee was pleased to note that budget monitoring would be reviewed as part of the audit. This would give ARC additional assurance that the agency's processes and procedures were now fit for purpose.

6. Progress against audit recommendations

6.1 The Committee reviewed the progress against the internal and external audit recommendations. Recognition was made to the fact that most of the delays had been a

result of the extensive budget monitoring work that had been needed during 2019. All recommendations should be complete by the end of the financial year.

7. Finance

7.1 Due to the timing of the ARC meeting, finance had been unable to provide ARC with updated figures, however Gillian Howells was able to provide a verbal update. She confirmed that following a budget transfer from SG the projected overspend had reduced significantly and was now closer to the budget figure. Gillian agreed to send ARC members the updated figures once they became available.

7.2 It was noted that the detailed review of the Scrutiny budget (as had been requested at the recent Advisory Board meeting) was not yet complete. The Committee agreed that it was content to wait until the next meeting to see this paper.

Action: Gillian Howells to provide ARC members with a copy of the updated budget figures when they were available. By 10 January.

Action: Gillian Howells to provide the detailed review into the Scrutiny budget at the ARC meeting on 4 March 2020.

8. Finance deep dive and budget setting process

8.1 The Committee reviewed the deep dive paper which confirmed that the finance team was now almost at full complement. The final permanent member of staff would be appointed late January. Finance and SBU had invested a significant amount of time during the year in relation to budget monitoring. A lessons learned review had identified areas for improvement and actions would be taken forward as a result of the review. It was anticipated that improved processes will improve the quality of forecasts of expenditure and speed up the time taken to produce the forecast. The draft Finance Strategy for 2020/21 would be submitted to LT for approval early in January.

8.2 The Committee thanked Gillian for her comprehensive report and requested an update on the lessons learned document/remediation plan with dates for the June ARC meeting.

Action: Gillian Howells to provide an update on the lessons learned document/remediation plan at the 30 June 2020 ARC meeting.

9. ES Risk Register and Directorate Risk Registers

9.1 Roz McCracken provided the Committee with the latest version of the ES Risk Register (ESRR). The Committee noted that the risk descriptor for Risk 01/2018 had been amended to reflect the business risk arising from current budgetary constraints. Risk 05/2018 had been returned to the Corporate Services Directorate Risk register. The ESRR was reviewed on a monthly basis by the LT who understood the interaction and escalation with the Directorate Risk Registers and had agreed that there was a need to develop a greater sense of ownership for the ES risk register.

9.2 ARC agreed that there was a need to review the narrative in the actions planned column. Consideration should be given to whether or not the impact of risk was equally spread across the organisation with the narrative possibly needing to be more directorate specific.

9.3 The Committee also reviewed the draft Directorate Risk Registers (DRR) which were still a work in progress. It noted the differences in both content and scoring within the registers. Assurance was given that this would be addressed as part of the ongoing development of the risk management approach. The Governance Manager and Business Partners would meet every 8 weeks to review the DRRs, in particular looking for:

- Common themes, significant changes, new or escalating risks etc.;
- Closed risks - for lessons learned/good practice; and
- Confirmation that the ESRR is being reviewed throughout each Directorate/agency wide.

10. Director of Inspection Annual Report

10.1 Janie McManus attended the Committee to present the annual report for Scrutiny Directorate, detailing the annual programme of inspection activity 2018/19 and highlights of the year. This enabled her to record compliance of Scrutiny Directorate with the code of practice represented by the standards and evaluation framework.

10.2 A general discussion took place around the changes that had been made. The Committee noted in particular the range of inspection activities that had been carried out across the sector and the refresh of the complaints handling process.

10.3 The Committee thanked Janie for the quality of the reports that had been supplied and requested that the item be tabled on an annual basis at the December ARC meeting.

For information

11. Health, Safety and Sustainability Group – Quarterly update

11.1 The Committee reviewed the quarterly update and the noted the work that had been completed from the action plan. Concerns was raised around the agency's capacity to meet the outstanding actions given the current resource issues. Officials confirmed that the actions would be prioritised and managed accordingly.

12. Information Security

12.1 There were no major incidents noted during the last period. The planned Cloud application security software enhancements was reported to be in deployment stage. If successful testing would continue for six weeks prior to it going live. The monitoring of access to the Glow environment from foreign countries had been increased. 48 suspicious logins were recorded and the enhanced monitoring would therefore continue.

12.2 The Committee noted and was assured by the continued steps being taken to protect the personal data contained within Glow.

13. Procurement Report

13.1 The Committee noted the procurement activity for April to September 2019 and welcomed the introduction of the interim checklist to support contract managers in carrying out their responsibilities. Concerns were raised over the capacity within the procurement team. There was a need to look at resourcing with discussions commencing early in the new year.

13.2 External Audit advised that Audit Scotland and Police Scotland had produced a procurement red flag document, available on the Audit Scotland website, which may be useful tool for staff.

14. AOB

14.1 There were no items to discuss.

15. Date of next meeting

15.1 The next meeting will take place at 1 pm on the 4 March 2020 within the Boardroom, Optima, Glasgow. A pre-meeting between the NEBMs and Internal Audit will take place from 12.15.

Lesley Macaulay
Governance Manager
20/12/2019