Meeting	Audit and Risk Committee
Date	27/03/2025
Time	13:00- 15:30

Minute

Members	
Aileen Ponton	Non-Executive Board Member (Chairing)
James Wallace	Independent Audit and Risk Committee Member
Attendees	
Gary Gibb	Internal Audit, SG
Gillian Hamilton	Chief Executive and Accountable Officer
Avril Hamilton	Assurance Manager, ES
Gillian Howells	Head of Finance, ES
Roz McCracken	Head of Governance and Financial Management, ES
Robert Strachan	Strategic Director, ES
Louise Turnbull	Head of Scrutiny, ES
Tommy Yule	Audit Scotland
Erin Middlemass	Secretariat, ES
Apologies	
David Gemmell	Non-Executive Board Member
Janie McManus	Strategic Director, ES
Dougie Shepherd	Internal Audit, SG

1.   Welcome and apologies

1.1   The Chair welcomed Members and attendees to the meeting. Aileen Ponton confirmed she had accepted the role of Interim Chair. The Chair also confirmed that the meeting was not quorate and that comments from members would be invited by correspondence as needed.

1.2   Apologies were noted from David Gemmell, Janie McManus and Dougie Shepherd.

1.3   Louise Turnbull joined the meeting to shadow.

1.4   The Chief Executive informed the Committee that John Fyffe had resigned from his role as a Non Executive Board Member and Chair of ARC and members reflected on his support and commitment to Education Scotland over the years. It was also noted that Kevin Kelman had resigned from the Advisory Board.

1.5   It was agreed that due to the resignation of both John Fyffe and Kevin Kelman that in the interim the recommendation would be for Audit and Risk Committee and Advisory Board to merge for the first two quarters of 2025-26 until the split. It was noted that this decision had been discussed with The Director General, who had agreed with this recommendation, considering the circumstances leading up to Education Reform. Internal and External Audit had also been consulted, along with the Public Bodies Unit.

1.6   The Committee agreed with this recommendation from quarter one onwards.

1.7   Committee members advised that this would need to be reflected in the governance statement and noted the need to prioritise governance work for the reform progress and ensure both Audit and Risk Committee and Advisory Board input.

Action – to rearrange meeting with Clare Hicks to share the experience and expertise of Board Members with Scottish Government in terms of Reform.

2.   Previous meeting

2.1   The minutes of the previous meeting were approved.

2.2   The Action log was reviewed, and the following actions updated.

Action 3/24-25 – to be removed- update to reflect the pace of reform
Action 10/24-25 – Date amended

3.   Declarations or conflicts of interest

3.1   No declarations or conflicts of interest were recorded.

4.   Internal Audit

4.1   The Internal Auditors gave an overview of their Progress Report, highlighting key messages and sharing that a draft report for the latest Audit would be available shortly.

4.2   It was noted that the cyber resilience review was being picked up by their co-source partner and fieldwork had begun on this.

4.3   The Chair advised that a conversation had taken place around the outstanding placeholder and advisory work relating to the new audit standards and it was noted that committee members are keen to support this work to ensure compliance with the new standards.

4.4   A discussion was had around the ongoing issues with the Oracle system and the impact this is having across Scottish Government and agencies. The Chief Executive confirmed that concerns have been formally shared with the Director General around Oracle and the amount of staff time taken up with training and reporting issues.

4.5   The Chief Executive also highlighted the potential impact on the signing of the annual report and accounts due to a current lack of assurance about the robustness of reporting.   .

4.6   Internal Auditors confirmed that a post implementation review of Oracle will be conducted, and findings shared with the committee in due course.

5.   External Audit

5.1   External Audit gave an overview of their update paper, recognising the increased risk due to Oracle and covering a brief summary of the audit principles.

5.2   Committee members questioned the likelihood of the annual report and accounts being delayed due to Oracle issues. External Auditors advised that they did not have a firm answer on this, however they confirmed the audit of the financial statements had already been pushed back two weeks but that timeframes did not allow for much further adjustment.

6.   Finance Update

6.1   The Head of Finance gave an overview of the finance update paper, confirming the position of underspend and reiterating the issues that were being experienced with Oracle, highlighting that accounting errors received from Oracle were lessening but still occurring.

6.2   A discussion was had around the ongoing business case for reform. It was agreed that a further conversation would take place around this at the quarter one meeting once work had progressed.

6.3   Committee members commended the work of the finance team, recognising the work that had gone in to reducing the budget pressure.

7.   Risk Update

7.1   An overview was given of the risk papers and recent changes to the risk register were highlighted. The Committee were invited to give comments and identify any gaps.

7.2   It was recognised that the risks around Oracle issues impacting the Annual Report and Accounts should be reflected in the Risk Register.

8.   Scrutiny annual report

8.1   It was agreed that this item would be delayed to a future meeting.

9.   Reform update

9.1   The Chief Executive gave an update on the progress of reform, confirming that the education bill was continuing through the Parliamentary process.

9.2   The Committee were informed of the significant work underway in terms of organisational development, and noted that this work was progressing well, with the Leadership Team having seen early structure proposals. The Chair confirmed that they would be happy to support this work in their role as critical friend.

9.3   Committee members recognised the capacity issues looking ahead, noting that staff would be working on reform along side the annual report and accounts and other ongoing projects.

10.   Information Security Update

10.1   The Lead Cyber Security officer joined the meeting to give an overview of the Information Security paper, noting that there had been no change in the risk position and highlighting the ongoing training statistics. Final stats would be shared with the committee at the quarter one meeting.

11.   Audit Recommendation Tracker

11.1   This paper was tabled for information.

11.2   A discussion was had around the Disaster Recovery Plan and advised that this should be tabled for discussion when appropriate.

12.   AOB

12.1   It was agreed that the Secretariat would record additional comments from Committee members invited by correspondence.

Date of next meeting:

The date of the next meeting was not confirmed.

Name	Erin Middlemass
Role	Secretariat
Date	04/03/2025