

Meeting	Audit and Risk Committee
Date	06/03/2023
Time	10:00-13:00

Minute

Members	
John Fyffe	Non-Executive Board Member (Chair)
David Gemmell	Non-Executive Board Member
James Wallace	Independent Audit and Risk Committee Member
Attendees	
Gayle Gorman	Chief Executive and Accountable Officer
Garry Gibb	Internal Audit, SG
Jim Montgomery	Internal Audit, SG
Rachel Browne	Audit Scotland
Gillian Hamilton	Strategic Director, ES
Roz McCracken	Head of Governance, ES
Gillian Howells	Head of Finance, ES

1. Welcome and apologies

1.1 The Chair welcomed Members and attendees to the meeting and reminded the board that the meeting would proceed on the understanding that all papers have been read in advance of the meeting. A warm welcome was given to Rachel Browne.

1.2 There were no apologies to note.

2. Previous meeting

2.1 The minutes of the previous meeting were approved with no amendments.

2.2 The Action log was reviewed and it was agreed that the three outstanding actions noted below, would be closed.

ARC 04/22-23 - Roz McCracken to add issue of financial pressures and capacity as an issue to the risk register. (to close item 7)

ARC 05/22-23 RM to provide paper to next ARC meeting around the BCP test – lessons learned. – To close (item 8)

3. Declarations or conflicts of interest

3.1 No conflicts of interest were noted.

4. Internal Audit

4.1 Internal Audit gave an overview of the papers. It was noted that the fieldwork on Reform remains on track and to be completed in the 2022-23 audit by 31 March 2023. Jennifer English-Jones will take up appointment as Director responsible for Internal Audit

towards the end of March. Colleagues expressed a concern as to the proposed timeline of the Internal Audit Plan for 2023-24 considering its going to be a busy time for Education Scotland (ES) with year end and Reform. It was agreed to keep a close eye on the timeline to help alleviate these concerns.

4.2 Internal audit confirmed an additional 9 days of support and assurance to ES and the Chair expressed his appreciation on behalf of the senior management team for that. Jim Montgomery expanded on the paper submitted confirming that internal and external audit would compliment each other rather than creating duplication.

5. External Audit

5.1 External Audit gave an overview of their papers, expressing how Covid 19 had continued to have an impact on the completion of 2021/22 audit and had delayed the start of planning for the new audit team. A full annual audit plan should be ready to share in time for the next ARC meeting in July.

In regard to audit around Reform colleagues were reminded that Scottish Government (SG) is leading on the programme. Concern was expressed around issues for ES, in particular, the pull on resources and it was recognised that the capacity to deliver will be challenging.

Discussion focussed on the intangible assets and it was confirmed that these would be split and evident on the asset register moving forward.

6. Finance Update

6.1 Gillian Howells gave an overview of the finance paper. Discussion focussed around the recovery of VAT which had been ongoing for some time with a good result. However, the payment was offset against increased salaries. Ongoing concerns remains as to how financial pressures would be managed particularly with the teachers' pay disputes and our own pay increases. To mitigate against any risks, ongoing communication would be had with Scottish Government to give reassurance.

Confirmation was given about the costs of the reform programme and how ES had picked up some of the costs of that. A business case has been reviewed with that in mind for around £1.5m for next year. There was concern around a number of projects in particular ensuring significant budget was available for cyber security due to increased attacks nationally and systems being fit for purpose with no support from SG. Reviews of budgets and spend will be ongoing in order to alleviate the challenges over the years ahead. It was also noted that priorities could change with a new First Minister appointment.

7. Risk

7.1 Roz McCracken gave an overview of the risk papers and colleagues raised questions for clarity around the external racist attacks on colleagues. Focus centred on Risk 9 in regards to the assurance of the role of the leadership team from SG and to note that this would be raised at Advisory Board due to the significant risk to the organisation.

The Chair commented on the additional work put into the heatmap illustrations in order to give more detail. It was noted that drop down menus would have been more helpful than pictures. This will be reviewed for the next ARC meeting.

Action: Avril Hamilton to review heatmap details with drop down menus rather than clips.

8. Business Continuity Plan

8.1 Roz McCracken confirmed how enthusiastic all participants were in their involvement in the scenario and the exercise was felt to be successful demonstrating excellent knowledge of our infrastructure and services as well as identifying a number of areas for improvement. Discussion focussed around system ownership and a rationalisation exercise.

9. Scrutiny Annual Report

9.1 Janie McManus gave an overview of the Annual Report of Scrutiny activities and the different types of engagement following Covid. She highlighted how flexible the Scrutiny Directorate has had to be in order to change focus, not only with Covid, but now where industrial action has impacted inspections.

10. Reform Update

10.1 Gillian Hamilton confirmed that Targetting Operating Models had been submitted on 1 February and feedback had been received. It was noted that the new inspection agency was further advanced in progress and that the delivery boards would be split into two moving forward. The Chair gave recognition to the enormous amount of work that has been delivered.

11. Information Security Updates

11.1 David Gemmell stressed the need to ensure finances can support any potential cyber attacks.

12. Health, Safety and Wellbeing update

12.1 The Chair noted the very thorough reports about how information is being dealt with to protect staff.

13. AOB

13.1 It was noted that this would be Gayle's last attendance at ARC. The Chair emphasised how Gayle's leadership had shown huge improvements across the organisation. He gave examples of leading restructures, developing policies and on the whole making a huge difference to the organisation. He expressed how she would be sadly missed and wished her well for the future. Gayle also expressed her thanks to ARC for their support over the last 5 years.

Date of next meeting:

The next meeting will take place on 5 July 2023 at 10.00am

Name Avril Hamilton
Role Secretariat
Date 06/03/2023

DRAFT