

Meeting	Audit and Risk Committee
Date	04/03/2020
Time	13.00 – 16.00
Venue	Optima

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
Jim Montgomery	Internal Audit
Dave Richardson	External Audit
Dougie Shepherd	Internal Audit
Julie Taylor	Internal Audit
Maria Walker	Strategic Director
Lesley Macaulay	Secretary

1. Welcome and apologies

1.1 The Chair welcomed everyone to the meeting and introduced Jim Montgomery, who was replacing Dougie Shepherd as Senior Internal Audit Manager for Education Scotland.

1.2 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 December 2019

2.1 The Minute of 18 December 2019 was agreed without amendment.

Action log

- **ARC 059/18-19** – Assurance around the issue of Information Governance – it was noted that recruitment had commenced for a full time Head of Information Governance. The post would be filled on TRS meantime. The forecast date had been amended to 30 June 2020.
- **ARC 08/19-20** – Updated budget figures – completed and closed.
- **ARC 09/19-20** – Review of Scrutiny budget – the updated Scrutiny figures would be emailed to NEBMs.

Action 11/19-20: Maureen Hamilton to email updated Scrutiny figures to the NEBMs. By 31 March 2020.

3. Declarations/Register of Interest

3.1 No declarations/registrations of interest were noted.

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 the Digital Assurance Office is now part of the Directorate for Internal Audit and Assurance. It was suggested that capital budget could be included in the scope of the financial management audit. The committee also noted the following: - (1) the final report had been issued for the Organisational Development review; (2) fieldwork had just concluded for the Risk Management Audit, (3) the follow up of 2018/19 Financial Management Audit was completed and the 2018/19 Change Management Audit follow up was in progress.

Action 12/19-20: Secretariat to send the NEBMs a copy of the management response to the Risk Management Review once it had been cleared by LT. By 30 June 2020

4.2 Dougie Shepherd confirmed that three audit reviews were planned for 2020-21: -

- HR Processes and Management Information
- Workforce Planning
- Financial Management

4.3 The plan would be discussed again with the Accountable Officer halfway through the year to check that the focus remained relevant. A number of contingency days had been built into the Plan to accommodate any other requests for advice relating to governance, risk management and control.

4.4 David Gemmell asked question on digital assurance and whether this was part of the internal audit process. It was agreed that it was. The question specifically related to GLOW and it was agreed that this would be discussed under a separate meeting. It was noted that the Digital Assurance Office is now part of the Directorate for Internal Audit and Assurance. It was suggested that capital budget could be included in the scope of the financial management audit

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 December 2019 – February 2020; and (3) planned national audits in 2020/21.

Action 13/19-20: Secretariat to email a copy of the Red Flags – Procurement Report to ARC members. By 30 June 2020

5.2 Andrew Kerr advised that the interim work for the 2019/20 audit was complete. This included the testing of key controls within the financial systems and verification of significant income and expenditure transactions up to December 2019. As part of the Code of Audit Practice wider scope responsibilities, Audit Scotland also reviewed the agency's equalities and diversity arrangements, website accessibility and followed up on the 2017/18 IT overview report. The report concluded that, generally controls were operating satisfactorily, however areas were identified where improvements could be made.

5.3 Members were advised that capital funds had been confirmed for the digital transformation programme. Discovery work would now commence. This would be a mixed model using contractual expertise in partnership with an external supplier to allow for flexibility. A programme definition document, outline approach and plan would be submitted to LT for approval in March 2020.

6. Progress against audit recommendations

6.1 The Committee reviewed the progress against the internal and external audit recommendations. It was recommended that going forward more consideration be given to the setting of target dates which should be more realistic.

6.2 It was noted that EA 01/19-20 Historic payables balance, remained outstanding. Members noted that this may be flagged as part of the annual ARC reporting exercise and, if still outstanding, the Chair could consider writing to Scottish Government if that would assist.

6.3 It was agreed that a column should be added to the spreadsheet to allow for recording when an action is outwith ES control i.e. waiting on a third party and where it has been escalated to LT for advice.

Action 14/19-20: Secretariat to add a column to the Progress against Audit Recommendations spreadsheet to allow for recording when a recommendation had been escalated to LT for advice. By 30 June 2020

7. Finance

7.1 It was noted that as at 31 January 2020, the agency was forecasting an underspend of £0.36m. Gillian Howells advised that actual spend to end of February was still awaited however she did not expect this figure to alter significantly. Figures for annual leave and T and S claims are not yet confirmed for this financial year. Staff were actively being encouraged to submit claims as soon as possible. A group of staff from HR/SBU/Finance were currently looking at workforce planning.

7.2 The Chair thanked Gillian Howells for her hard work to continue to develop and improve the Agency's financial reporting. It was agreed that the agency's approach to finance monitoring was maturing and that that the SDs had collective responsibility for budget management and monitoring.

8. ES Risk Register

8.1 Gillian Hamilton advised that two new risks had been identified and added to the ESRR, namely: -

1. A possible pandemic outbreak; and
2. lack of staff capacity with the Scrutiny Directorate due to ill health and retirement, especially in relation to the secondary school sector

8.2 Additional columns had been added to the risk register template allowing for the ES priority area to be recorded, the risk descriptors had been re-written using the "if...then...resulting" style and the risk owners had been reallocated amongst all of LT.

8.3 The risk levels had decreased for Risk 1 budget constraints and risk 7 financial management. David Gemmell indicated he would provide alternative wording around financial management that was used in other organisations.

Action 15/19-20: David Gemmell to share how other organisations measure the financial impact of risks such that they have a view of the total risk to the budget arising from the organisations risk profile. By 30 June 2020.

8.4 The Committee welcomed the introduction of risk heat maps that plotted the risks contained in the ESRR and directorate risk registers against the ES priority areas (as identified in the risk strategy). It was agreed that these were useful tools allowing for thematic conversations. The next iterations of the heat map should include contextual text for the red/high risks.

Action 16/19-20: Lesley to add contextual text for the high risks on the heat maps. By 30 June 2020

9. Regional Directorate Deep Dive

9.1 Maria Walker attended to present the Regional Directorate deep dive paper. Thanks were extended to Ann Cura for her work in producing the paper. ARC's request for the deep dive had been timely and had allowed for the directorate to self-evaluate and to reflect on the 9 months since reorganisation. The challenges facing the directorate particularly around collaboration and embedding the RIT and RICs were acknowledged. Good governance arrangements were in place.

9.2 Members agreed that the deep dive paper had been really informative and the Chief Executive agreed that the paper be tabled at the next Advisory Board meeting.

Action 17/19-20: Secretariat to forward the deep dive paper to the Advisory Board Secretary for inclusion at the next meeting. By 10 March 2020

10. Summary report on the Audit and Risk Committee's own effectiveness and annual review of the TOR

10.1 ARC members had recently completed the annual self-assessment, the results of which had been reviewed by the Chair and the Planning Group. As expected the responses were reflective of the limited number of ARC meetings the newly appointed members had attended, having only been appointed in July. Members noted the major points from the responses.

10.2 Roz McCracken invited members to review the ARC terms of reference and to submit any comments in writing.

Action 18/19-20: Members to review the TOR and forward any comments on it to Roz. By 31 March 2020.

11. Health, Safety and Sustainability Group – Quarterly update

11.1 Gillian Hamilton advised the Committee that there had been several changes in staff with responsibility for Health, Safety and Sustainability in recent months, particularly at senior level and it was therefore timely to consider the scope of the group. As part of that, the group had met on 13th February to consider what was working well and what could be improved, the outcome of which was captured in the paper tabled at ARC for consideration.

11.2 Members discussed and endorsed the recommendations in the paper, namely: -

- The scope of the group should be revised to include Wellbeing. The current Wellbeing Network should continue as a sub-group and report to the Group on a quarterly basis. The Chair of the Network should attend the Group meetings.

- Sustainability issues should no longer be within the remit of this group. A separate Sustainability Group should be formed and membership drawn from suitably competent and experienced individuals within Education Scotland and from elsewhere in SG.

- The current planning and reporting arrangements should be reviewed to ensure that the focus of the work being undertaken would have the maximum positive impact on key health and safety and staff wellbeing issues.

- Membership should be widened to include representatives from all ES Directorates.

- The name of the group should be the “Health and Safety Group”

- A revised TOR, reflecting any changes, should be developed and submitted to the next Audit and Risk Committee meeting.

Action 19/19-20: The TOR for the new Health and Safety Group should be submitted to the next ARC meeting. By 30 June 2020.

12. For information

12.1 The following papers were tabled for information.

- Business Continuity Plan – finalised plan. The committee noted that it was an improving plan from previous versions.
- Information Security – quarterly update. No comments were recorded.

13. AOB

Possible pandemic outbreak – Coronavirus

13.1 The Chief Executive brought everyone up to date with the steps being taken by Education Scotland in relation to the possible pandemic outbreak. The ESRR and Directorate Risk Registers now contained a pandemic risk And Janie McManus, the SD lead, participated in the daily SG Resilience network with Coronavirus a standing item for LT weekly meetings. It was noted that ES would follow the guidance issued by SG and NHS.

13.2 An internal Business Continuity Planning Group had been set up with representatives from all areas of the business. The group was currently looking at different scenarios and identifying possible trigger points.

14. Date of next meeting

15.1 The next meeting will take place at 10 am on the 30 June 2020 in the Boardroom, Optima, Glasgow. A pre-meeting between the NEBMs and External Audit will take place from 09.15.

Lesley Macaulay
Governance Manager
06/03/20