

Meeting	Audit and Risk Committee
Date	30/11/2022
Time	10:00-13:00

Minute

Members	
John Fyffe	Non-Executive Board Member (Chair)
David Gemmell	Non-Executive Board Member
Aileen Ponton	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
Gillian Hamilton	Strategic Director, ES
Roz McCracken	Head of Governance, ES
Jim Montgomery	Internal Audit, SG
Patricia Dougan	Head of Digital Services, ES
Erin Middlemass	Secretariat, ES
Apologies	
Gillian Howells	Head of Finance, ES
Rachel Browne	Audit Scotland

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.

1.2 Apologies were noted from Gillian Howells and the newly appointed Auditor from Audit Scotland, Rachel Browne.

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 01/22-23 - Finance to share the modelling that has been done around the impact of different levels of pay increases - complete as explained at item 7.

ARC 02/22-23 - Clarification was asked for on risk OECD FUC02 – RM – no longer relevant with the closure of the Transformation Programme

ARC 03/22-23 - Committee to feed any comments back to RM on BCP- due date past with no comments received.

3. Declarations or conflicts of interest

3.1 No conflicts of interest were noted.

4. Internal Audit

4.1 Internal Auditors gave an overview of the papers, highlighting progress on their advisory work on assurance mapping, target setting and the change and review fieldwork. They also confirmed that they would shortly be kicking off audit planning for 2023/24.

4.2 It was noted that the assurance report on the Glow Online Productivity Suite (GOPS) Licenses Project was now complete and outcomes were to be discussed at item 11 on the agenda.

4.3 The Chair asked for clarification on KPIs, asking if they would be for 'business as usual work or carry forward to the new organisations. This led to a discussion about the need to prioritise activity given education reform and the capacity issues facing the Agency.

4.4 It was, however, agreed that in doing so, it would be important to consider the messages that might be unintentionally conveyed by any move to stop the development of work such as KPIs. Indeed the KPI activity would be required to ensure we continue to measure impact.

4.5 The Chair thanked the Internal Auditors for a detailed and informative paper.

5. External Audit

5.1 The Chair introduced the papers and gave key highlights in the absence of a presenter and invited comments from the board.

5.2 No comments were noted from The Board.

6. Audit Recommendations

6.1 Roz McCracken introduced her paper noting that the reasoning for tabling at ARC is to give ARC assurance that recommendations are on track.

6.2 Roz asked the Committee for confirmation that the completed items could be closed by ARC. IA and board members confirmed they were content for the recommendations to be closed as they had all been met.

7. Finance Update

7.1 Gillian Hamilton gave an overview of the finance paper and confirmed that work was ongoing to reduce the current overspend noted in the papers.

7.2 Discussions took place around the difficult decisions that had been taken to minimise any additional spend including a stop on non-compulsory travel and a stop on recruitment unless required to meet ministerial priorities. Members of the Committee discussed the risks around capacity and delivery, noting the need to identify activity that could be stopped.

7.3 It was also noted that SG are looking for a reduction of around 10% reduction to our budget in 2022/23, LT and Finance had been carrying out an exercise to model this budget reduction.

7.4 IA flagged the need to use all available governance routes to ensure SG and Ministers were fully sighted on the implications of the budget position. The Chief Executive advised that a submission was due to go to Cab Sec about the pressures and the threat to delivery of the Agency's objectives.

7.5 Members commented that ES must focus on priorities and communicate changes clearly with staff and the wider sector given the cumulative risks to ES and the wider system and that these risks should be reflected on the DG risk register. Concerns were also raised around retention of staff due to instability as well as financial benefits of returning to teaching.

7.6 Members suggested an aggregate risk around meeting objectives considering budget costs, inability to recruit and flight risk.

7.7 Board members offered their ongoing support throughout this time of uncertainty.

8. Risk

8.1 Roz McCracken gave an overview of the risk papers and it was agreed that the risk register reflected much of the discussion that had taken place around pressures and resourcing.

8.2 The Committee suggested that the wording around ES 10 – should be amended to reflect conversations at item 7 cautioning against presenting an image of everything being business as usual

8.3 The Committee suggested that this had become an issue rather than a risk and it was therefore agreed that this would be captured as such on the risk register. However, to ensure this remained at the forefront of discussions, it would also remain on the risk register.

ACTION 04/22-23: Roz McCracken to add issue of financial pressures and capacity as an issue to the risk register.

9. ARC Self Evaluation & Report, and Review of Terms of Reference (TOR)

9.1 Erin Middlemass gave an overview of the paper and recommended a change to the pre-meeting schedule within the TOR to reflect the audit schedule.

9.2 Members agreed the changes to the TOR. No other comments or changes were noted.

10. Reform update

10.1 Gillian Hamilton gave a verbal update on reform. It was noted that several Connect with Colleagues sessions had been held to keep staff updated and engaged.

10.2 It was also noted that announcements on the placement of the Registrar of Independent Schools and SQA course accreditation and regulation had been made recently.

11. Glow DAO report

11.1 Patricia Dougan joined the meeting and provided an overview of the Glow Assurance Report as well as providing an update on the latest position with the accompanying recommendations.

11.2 Following an in-depth discussion about the project, the Committee queried whether there was a financial guarantee that this project would be funded if the pilot goes successfully. It was confirmed that there was no such guarantee given the current financial climate but that SG were sighted and supportive of the work.

11.3 Gillian Hamilton confirmed that ES would, going forward, be asking SG for letters of comfort for projects with a budget requirement

12. Information Security

12.1 The Committee welcomed the paper and agreed it was very informative. Members were updated on the recent BCP exercise, noting a number of lessons learned.

ACTION 05/22-23 – RM to provide paper to next ARC meeting around the BCP test – lessons learned.

13. AOB

13.1 It was agreed that the Q4 meeting would be moved to 6 March and new meeting details would be issued.

13.2 Key messages to be communicated to staff were noted and it was agreed that Gayle Gorman and Gillian Hamilton would tie these in to communications around the workload and priorities.

Date of next meeting:

6 March 2023

Name	Erin Middlemass
Role	Secretariat
Date	02/12/2022