

Board meeting minute

Meeting:	Audit and Risk Committee
Date:	25 February 2019
Time:	13.00
Venue:	Boardroom, Optima

**Members:**

Linn Phipps	Non-executive Board Member (Chair)
Moi Ali	Non-executive Board Member
Mike Ewart	Non-executive Board Member
John Fyffe	Non-executive Board Member
James Wallace	Independent Audit and Risk Member

Attendees:

Alan Armstrong	Strategic Director
Patricia Dougan	Assistant Director (item 11 &12 only)
Gayle Gorman	Chief Executive (by Skype)
Roz McCracken	Head of Corporate Governance
Janie McManus	Strategic Director
Kate Moffat	Internal Audit
Michael Moynihan	Head of Information Security (item 11 &12 only)
Evelyn Oliphant	Head of PPT (item 4 only)
Audrey Parfinowska	Interim Chief Financial Officer
Dave Richardson	Audit Scotland
Louise Spencer	Internal Audit
Brian Taylor	Strategic Director
Lesley Macaulay	Secretary

Apologies:

Maureen Hamilton	Assistant Director
Stuart Robinson	Assistant Director
Richard Smith	Audit Scotland
Maria Walker	Strategic Director

1. Welcome and Apologies

1.1 The Chair welcomed everyone to the meeting and noted apologies from Maureen Hamilton, Richard Smith, Maria Walker and Stuart Robinson and confirmed that the pre-meeting had taken place between the NEBMs and external audit.

1.2 The Chair reminded everyone of need to submit papers to Secretariat in good time. It was agreed that papers should be issued 4 working days before each meeting. Late papers would only be accepted and issued with the

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

1.3 The Chair brought everyone up to date with the work of the Planning Group who had recently considered the NXD concerns paper and the ARC self-evaluation results. The results, categorised into three areas, transactional, strategic and relationship, were recorded as an action plan which was handed to members as a late paper. It was noted that most of the actions had now been completed. There were two issues that were for Advisory Board, rather than ARC, to consider, namely bringing non-executives “inside the tent” and how to ensure non-executives are given early warning of emerging problems. It was agreed that the ARC should formally refer these two matters to the Advisory Board.

Action Point ARC 60/18-19 - Secretariat to formally refer the following two matters to the Advisory Board – (1) bringing non-executives “inside the tent”; and (2) how to ensure non-executives are given early warning of emerging problems.

2. Minutes of meeting 3 December 2018, action log and matters arising

Matters arising

2.1 The ES policies paper was discussed. It was noted that the paper, while helpful in providing some background information, did not clarify what the process was for identifying what policies ES required. It was agreed that a revised paper should be submitted at the June meeting which clarified the timescales and next steps in relation to strategies and action plans. There was a need to build in a Comms strategy as this was equally important as the policy.

2.2 Response to NEBMs’ paper had been covered in 1.3 above.

Action Point ARC 057/2018-19 - secretariat to submit an updated policies paper at the June meeting

Action Log

2.2 It was agreed that the following actions could be closed:-

- ARC 020/18-19 – NEBM suggestion paper
- ARC 036/18-19 – Interdependences between items
- ARC 047/18-19 – Cyber security deep dive
- ARC 051/18-19 – succession planning
- ARC 052/18-19 – Educational Outcomes Nation Study
- ARC 053/18-19 – Response to NEBM email and revision of wording for Corporate Risk No 7
- ARC 054/18-19 – Portfolio Risk Register – cross ref with ARC 032/18 -19
- ARC 055/18-19 – Review of scoring CRR 001

ARC 056/18-19 – additional column added to CRR

It was also agreed that actions ARC 032/18-19 and 035/18-19 to be closed subject to adding a question on each to the annual ARC self assessment.

The other actions would be discussed as agenda items or carried forward to the June meeting.

2.3 The Minutes of 3 December 2018 were approved without amendment.

3. Declarations/Register of Interest

3.1 No declarations/registrations of interest were noted.

4. Programme Dashboard and Risk Update

4.1 The Committee reviewed the papers provided and noted that there were a few discrepancies between the status scoring and the narrative provided in the summary description. It was important that these reports were consistent and this could be a role under Organisation Development going forward. ARC commended the use of deep dives and requested, for assurance purposes, that an additional column was added to the report showing that ES was capturing the lessons learnt from the deep dives and clarity around what lessons learned/next steps have been informed by the deep dives. It was noted that most of the staff risks related to the extensive time delay around getting appointment dates from SG HR. It was agreed that there was a role for ET to look critically at the wording of the risks and clarify/update the Risk Owners.

Action Point ARC 061/2018-19 - ET to look critically at the wording of the portfolio dashboard and risk register and clarify the Risk Owners

Action Point ARC 062/2018-19 - Add a column to deep-dive template to allow outcomes/learning to be captured

5. Corporate Risk Register

5.1 It was noted that the development of the new Risk Management Strategy was progressing. The draft would be shared with ET, audit and ARC. Two workshops were planned with staff to further discuss risk appetite. ARC would welcome greater narrative around any risks which have increased. The Committee welcomed the addition of the column to the CRR showing the last reviewed date. The Chair noted that the two cyber related risks had no last review date and this would be raised later in the agenda. It was agreed that the SDs should be an escalation route if the risk updates/reviews were not carried out.

5.2 The Organising to Deliver programme was at a good stage and had progressed smoother than anticipated. The staff engagement had been mainly positive and good responses had been received.

5.3 Organisational Development – the new Head of HR, Nicola Rudnicki, was now in post and she would jointly lead the next OD session “OD and High Tea”. These session will update staff on the latest developments and give staff the opportunity to share their views.

5.4 It was agreed that clarification would be provided to the next ARC around the concept of “risk owner”. The Planning group would consider future deep dives at the ARC.

Action Point ARC 063/2018-19 - more narrative to be provided around any risks which have increased; clarification to be provided to the next ARC around the concept of “risk owner”;

Action Point ARC 064/2018-19 - Planning group to consider future deep dives at the ARC.

6. Internal Audit

6.1 Internal Audit advised that the Procurement Audit would be issued on the 26 February and tabled at the June meeting. The 18/19 audit would focus on Organisational Development and Risk Management. It was agreed that NEBMs would receive the draft ToR for comment.

Action Point ARC 065/2018-19 - NEBMs to receive draft ToR for comment

7. External Audit

7.1 The planning work for the 2018/19 audit was complete. An audit plan had been prepared. Interim work will start week commencing 25 February. It was noted that the term of office of three NEBMs is due to expire in the summer of 2019 and there is a risk that the extent of the change in board membership will impact upon the operation of the Board and scrutiny arrangements of the agency. The Chief Executive confirmed that future appointment terms would be staggered.

8. Finance

8.1 The Committee were provided with an update on the steps being taken to manage the key financial challenges facing ES. The projected underspend was now £365k mainly on the digital learning and teaching budget. Several contracts were still out to tender and the work would now fall into 19/20. Scottish Government were aware of the position. It was noted that the underspend on staffing was a result of the delay at SG HR and it was agreed that this should be reflected in the narrative to the SG financial return. NEBMs were assured on the steps made to increase control over underspends.

9. ARC Annual Self- Evaluation

9.1 The results of the annual self-assessment had been analysed and the key learning points were amalgamated with the NEBMs improvement paper submitted earlier to create the action plan that had been tabled by the Chair earlier in the meeting. The Committee agreed the actions proposed and welcome the move towards using technology for meeting e.g. Skype to cut down on travel time.

10. Health, Sustainability and Wellbeing Group Update

10.1 The Committee reviewed the paper and noted that the performance targets needed to be looked at critically to confirm what was actually attainable. Members requested more explanation around explaining what was behind the numbers be provided in the next report. It was noted that the Group was bedding in well and that going forward there would be some cross-over with the work of the Organisational Development Board so the roles and remits would need to be reviewed in due course.

11. Cyber Security Report

11.1 Michael Moynihan attended to answer any questions on his paper. It was noted that the words “of note” should be deleted from paragraph 2 which should now read “There were no major incidents during the last reporting period”. The new reporting tool enabled ES to focus on capturing data in more specific areas. The Committee noted the significant pieces of work planned for 19/20 and requested that timescales be added to the Information Security Remediation Plan going forward.

Action Point ARC 066/2018-19 - timescales should be added to the Information Security Remediation Plan going forward

12. Deep dive – Cyber Security

12.1 The Committee welcomed the deep dive paper and sought clarity on how things would come together given the future dispersed way of working. Did this heighten the risk? It was stated that Glow would be opened to more organisational use. The Glow team were developing a collaboration project to create bespoke safeguarding software which would alert ES to user behaviours rather than possible unauthorised or malign access. Cloud Application Security software had been identified to further improve Glow security.

12.2 The Head of Information Security confirmed that the deep dive had been a difficult paper to craft given that the site was used both by adults and children and that the right balance in terms of password etc. had to be reached. The Committee recommended that consideration be given to adding “the additional risk that malign access to the Glow system to the system gains access to children” be added to the Corporate Risk Register.

12.3 It was noted that a paper around Information Governance would be tabled at the June meeting.

Action Point ARC 067/2018-19 - Consider adding malign access to the Glow system being a risk to children to the Corporate Risk Register.

13. Any Other Business

13.1 The Chief Executive highlighted for awareness that the EIS had rejected the latest pay offer. This may impact on the reform agenda.

14. New Risks

14.1 See Action under item 12 – Deep Dive Cyber Security

15. Corporate Communications

15.1 It was agreed that the key messages from the meeting were around:

1. the confirmation that access to Yammer was now restricted to teachers and non-learner accounts;
2. HS&WG meeting regularly was welcomed.
3. ARC interest in how CRR was being used
4. Assurance on finance and high degree of controls
5. SLT deep-dives welcomed.

16. The next meeting will take place at 11 am on the 24 June 2019 within the Boardroom, Denholm House, Livingston. There will be a pre-meeting between the NEBMs and internal audit commencing at 10.30.

Lesley Macaulay
Secretary
28 February 2019