

Meeting	Audit and Risk Committee
Date	21/03/2024
Time	12:00-14:00

## Minute

<b>Members</b>	
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
<b>Attendees</b>	
Gillian Hamilton	Chief Executive and Accountable Officer
Janie McManus	Strategic Director, ES
Ollie Bray	Strategic Director, ES
Gillian Ritchie	Strategic Director, ES
David Gregory	Strategic Director, ES
Maureen Hamilton	Strategic Director, ES
Jim Montgomery	Internal Audit, SG
Dougie Shepherd	Internal Audit, SG
Gary Gibb	Internal Audit, SG
Tommy Yule	Audit Scotland
Zoe Headridge	Audit Scotland
Gillian Howells	Head of Finance, ES
Roz McCracken	Head of Governance and Financial Management, ES
Erin Middlemass	Secretariat, ES
<b>Apologies</b>	
Avril Hamilton	Assurance Manager, ES

### 1. Welcome and apologies

1.1 The Chair welcomed Members and attendees to the meeting.

1.2 Apologies were noted from Avril Hamilton, with Roz McCracken presenting papers in her absence.

1.3 The Chair welcomed Dougie Shepherd from Internal Audit and Tommy Yule and Zoe Headridge from Audit Scotland to their first meeting.

1.4 The Chair noted that that this would be Jim Montgomery and Maureen Hamilton's last meeting before their respective retirements and thanked them for all of their support.

### 2. Previous meeting

2.1 The minutes of the previous meeting were finalised and approved with a minor amendment at 4.2 and 4.4 to update the reference to 'The Board' to 'The Committee'

2.2 The Action log was reviewed, and the following changes were confirmed.

- 2.3 ARC 12/23-24 - Closed  
ARC 10/23-24 – updated to reflect SG policy, noting that contractors are not permitted to use Scottish Government devices abroad.  
ARC 08/23-24 – Closed

### **3. Declarations or conflicts of interest**

- 3.1 No declarations or conflicts of interest were noted.

### **4. Internal Audit**

- 4.1 Internal Auditors gave an overview of their Progress Report, highlighting key messages and noting that they were on track to complete the programme of audit by 31 March.
- 4.2 It was noted that the Health and Safety audit was complete and that a draft report had been issued. It was agreed that this report would be finalised and brought to Audit and Risk Committee at the quarter one meeting.
- 4.3 The Memorandum of Understanding (MOU) for 2024/25 was shared with the Committee, noting that this was a one year MOU to give time for consideration to be given to the introduction of charging for internal audit services. Committee members raised concern about this and Internal Auditors confirmed that they would ensure Committee members would be kept up to date with any progress of changes to this.
- 4.4 An update was given on the SG corporate transformation programme, with the role out of these services amended to 1 October. Internal Auditors agreed to keep the Committee up to date with any further developments in this space.
- 4.5 The Audit plan for 2024/25 was shared inviting comments from members. Internal Auditors highlighted the placeholder for reform work as well as the review of digital capacity and the increased risk of DDOS attacks across the UK in recent months.
- 4.6 Committee members highlighted the need to look at recovery as well as resilience when carrying out the digital capacity review as well as highlighting the difference between disaster recovery and business continuity when referring to cyber.
- 4.7 Members discussed the risks around the education reform. The Chief Executive highlighted the need to remember that education reform was an SG programme and so responsibility for mitigating the risks predominantly lay with SG.

### **5. External Audit**

- 5.1 External Auditors introduced themselves and gave an overview of their work and experience, highlighting the extensive handover and ongoing communication with the previous auditors.

5.2 External Auditors confirmed that the Annual Audit Plan would be provided to Audit and Risk Committee at the quarter one meeting, as agreed at the previous meeting.

5.3 The Chair thanked Auditors for the updates and noted that the summary of other publications in the update paper was appreciated and very helpful.

## **6. Finance Update**

6.1 The Finance Report was presented to the Committee. The Head of Finance gave an overview of the current budget pressure, noting the changes to this since the paper had been produced and shared with members. It was advised that further updates would be shared at Advisory Board the following week.

6.2 The Strategic Director of Corporate Services noted that the Agency was making progress on setting a budget for next year and hoped to delegate budgets at the beginning of April. She also highlighted that with the exception of HMIE the recruitment pause would remain in place until budget is confirmed.

6.3 The Chief Executive highlighted that Education Scotland was not in a unique position, with similar budget pressures across Scottish Government and the wider public sector. It was noted that with a flat budget, the only way to meet the budget line would be to manage down headcount. As staff leave, ES would therefore need to discuss with Ministers the work that would have to pause to meet this.

6.4 A discussion was had around recruitment of HMIE staff and the lead time for recruiting and training staff. The Chief Inspector highlighted that when a HMI is recruited, it could be a year before they are able to lead an inspection. This was noted as an ongoing risk with more recruitment pending, reflecting the age profile of the current HMI staff.

6.5 Committee members inquired as to any concerns around the new financial controls in place. It was noted that there were no concerns at this time and that the process for budget requests was running smoothly.

## **7. Risk Update**

7.1 An overview was given of the risk papers, noting that all changes were reflected in the paper provided.

7.2 It was highlighted that a significant amount of work was ongoing around raising the profile of risk management across Education Scotland, noting that an ongoing risk management promotion was running in the staff bulletin and that work continued with investigations around the possibility of using Power BI to produce and share risk updates.

7.3 Committee members were invited to comment on the best way to get feedback on the risk framework. The Chair agreed to take this conversation offline with Committee members and report back.

**ACTION 13/23-24 – ARC members to discuss risk framework and feedback to Committee meeting**

## **8. Scrutiny Annual Report**

8.1 Denise Brock joined the meeting.

8.2 An overview was given of the Scrutiny Annual Report, noting that this is the 2022/23 report and that this was the first full year of inspections post Covid. It was noted that although two of the KPIs in this year hadn't been met, additional measures had been implemented to ensure these were reached going forward.

8.3 It was highlighted that at the time of reporting there were a significant number of vacancies across Scrutiny and that ongoing recruitment was underway to address this.

8.4 Committee members raised concerns around the age profile of HMI staff, noting that they would like to be kept up to date on the management of this risk.

8.5 The Chief Inspector noted that Inspecting is a second and usually final career for most people and that they are keen to recruit experienced and credible staff, however agreed that this does pose a risk for longevity of employment and so age profile was included within the Inspectorate risk register. It was also highlighted that Education Scotland recruit based on credibility and experience regardless of age.

8.6 The chair commented on the comprehensiveness of the paper and thanked all involved for their work.

## **9. Reform**

9.1 A brief update on reform was provided, noting that the Chief Executive's forum and the new programme board had now met, highlighting that colleagues from both the inspectorate and wider Education Scotland were involved. Education Scotland were also presented on the Centre for Excellence group and it was noted that communication in this space would be vitally important going forward.

9.2 It was further noted that Scottish Government colleagues were moving forward with legislation for the new inspectorate. As part of this it was expected that a financial memorandum as well as a name for the inspectorate would be shared shortly.

9.3 It was also highlighted that a transition plan for the inspectorate was expected to be in place by June 2024, emphasising the digital discovery elements of this transition.

## **10. Information Security**

10.1 Michael Moynihan joined the meeting and gave a brief overview of the papers, inviting comments and questions from the Committee.

10.2 The paper presented on Cyber resilience generated discussion around ensuring that all systems had appropriate backup and recovery plans in place. It was noted that the Security Team are working closely with Scottish Government colleagues on this work. A discussion was also had around preventative measures for cyber attacks.

## **11. Terms of reference**

11.1 The Committee confirmed that they were content with the changes made from the previous meeting. It was agreed that both Janie McManus and Ollie Bray would be added as required attendees.

## **12. Health, Safety and Wellbeing Committee Update**

12.1 Aileen Ponton gave an update on the meeting which she had attended, highlighting the key discussions from that meeting.

12.2 The Committee noted that they appreciated updates on sickness levels as well as lone working arrangements.

## **13. AOB**

13.1 Thanks were again given to both Maureen Hamilton and Jim Montgomery for all of their support and challenge over the years and members all wished them well in their retirement.

### **Date of next meeting:**

27 June 2024

<b>Name</b>	Erin Middlemass
<b>Role</b>	Secretariat
<b>Date</b>	28/03/2024