

Meeting	Audit and Risk Committee
Date	14/10/2020
Time	10:00 – 12:30
Venue	WebEx

Minute

Members

John Fyffe	Non-Executive Board Member (NEBM) (Chair)
David Gemmell	NEBM
Aileen Ponton	NEBM

Attendees

Gayle Gorman	Chief Executive
Gillian Hamilton	Strategic Director
Gillian Howells	Head of Finance
Andrew Kerr	External Audit
Lesley Macaulay	Business Partner (in absence of Roz McCracken/item 8)
Peter McBride	Head of Corporate Digital Services (item 9)
Ray McCowan	NEBM (observer and item 11.2)
Jim Montgomery	Internal Audit
Melanie O'Bryan	Head of Information Governance (item 11.2)
Julie Taylor	Internal Audit
Nina Hyslop	Secretary

1. Welcome and apologies

1.1 The Chair welcomed everyone to the meeting, and noted apologies from James Wallace, Dave Richardson and Roz McCracken.

1.2 The Chair reminded the Committee that the meeting would proceed on the basis that everyone had read the papers, and that presenters should only provide updates or changes.

2. Previous meeting

2.1 The Minute of 30 June 2020 was agreed to be an accurate reflection of discussions.

2.2 Action log

11 / 19-20 – Issue Scrutiny figures to members. Issued 27/08/20.	Closed
16 / 19-20 – Contextual text in Heatmaps. Tabled 14/10/20.	Closed
01 / 20-21 – IA questionnaire to be shared. Issued 06/07/20.	Closed
02 / 20-21 – Share Information Governance Review. Tabled 14/10/20.	Closed
03 / 20-21 - Share Pulse Survey results with members. Issued 27/08/20.	Closed
04 / 20-21 – Share planned return to offices paper. Issued 27/018/20.	Closed

3. Declarations/Register of Interest

3.1 There were no declarations or conflicts of interest to note.

4. Internal Audit

4.1 Internal Audit (IA) provided a summary of their activity in Education Scotland (ES), highlighting that some audit work had been reprioritised or paused due to Covid-19. It was confirmed that the Chair of Audit and Risk Committee (ARC) had been appraised of these points, and there would be little impact expected to the organisation. It was agreed that the paper on the IA advisory work should be shared with members.

4.2 Further to the ARC confirming they were content with the outcome of the IA report, where many positive points about the operation of Human Resources (HR) were found, discussions moved on to the HR Processes paper tabled, which focussed on the shared HR service with Scottish Government (SG). There were a number of recommendations detailed, which had been accepted by the Leadership Team (LT). It was noted that ES was in early discussions around the transfer of responsibility of absence management from SG, to improve the service and resolve some of the issues noted.

4.3 It was important to note that the HR and finance system would no longer be supported towards the end of 2021, and work to scope out an 'off-the-shelf' replacement had begun to provide an alternative system.

4.4 Members welcomed and endorsed the IA processes. Members reiterated the importance to challenge and push back on the quality of the shared service provided, and agreed that regular communications from the Head of Finance and Head of HR to LT should be encouraged to abreast of the changes. Members agreed that the IA consultancy support had been helpful.

ACTION

05 / 20-21 To share the IA advisory paper with members. Secretary – 17/12/20

5. External Audit

5.1 Audit Scotland (AS) presented their external audit update. There had been limited audit work on the agency since signing the annual accounts in June. In July, the consolidated accounts return was provided to the SG audit team as part of the SG consolidated accounts process. A meeting between auditors and Finance would take place on capital spend in advance of next year's audit to allow for some early discussion on the accounting treatment.

5.2 It was acknowledged that the national publications in the update paper provided a helpful background to the organisation's responsibility, with an ask on whether additional work should be considered to ensure that the Committee was suitably able to challenge or endorse items at future meetings.

5.3 The Agency, with the involvement of the ARC Chair, had completed a comprehensive self-evaluation on emerging risks associated with the Covid response, which had been tabled and agreed at a previous meeting. The self-evaluation had come from Director General Internal Audit. The report on emerging fraud risks had been circulated in ES, and discussions had taken place at Directorate Boards around the organisation's risk level. It was noted that the AS report on the emerging Covid fraud risk had been helpful and clear, and had been taken for discussion at the Finance Team meeting, on how to recognise and respond to risks. In order to provide ARC members with assurance on actions taken in

response to all relevant AS reports, finance reports would include an annex detailing the AS report and any actions taken going forward.

5.4 The Chief Executive welcomed comments, and agreed the need for additional reporting in order to demonstrate ESs approach to reviewing relevant audit reports.

5.5 Members agreed that there should be a balance to ensure there is confidence in how the agency reviews Audit Scotland National Reports

ACTION

06 / 20-21 Consider how best to ensure that relevant Audit Scotland National Reports are reviewed for relevance to ES. Roz McCracken – 17/12/20

6. Audit recommendations - progress

6.1 The papers tabled provided an update on the progress made against the agreed audit recommendations. In reference to the progress against the Framework documents, it was noted that the final versions were with the Deputy First Minister to sign off, and these would be tabled at the next Committee meeting.

6.2 It was recognised that many of the recommendations had been delayed due to the pandemic, and ES had realigned and reprioritised its work to support the system, however it would now be appropriate to review, prioritise, and agree realistic due dates for these recommendations, and to ensure that the issues identified remained relevant.

ACTION

07 / 20-21 The Framework documents to be tabled at the next ARC meeting. Secretary – 17/12/20

08 / 20-21 Review the audit recommendations noted as delayed, and prioritise and agree due dates. Roz McCracken – 17/12/20

7. Education Scotland Finance update

7.1 The finance update and expenditure summary to 31 August 2020 was presented to the Committee. The financial forecast was noted to be an underspend of £0.48m against the allocated resource budget of £38.97m.

7.2 Work continued on financial monitoring, with the Capital forecast for the year remaining in line with the budget. However, there was uncertainty around the proposed spend on safeguarding work due to lack of confirmed future budgeting. Without confirmation there would be no merit in taking forward work on this area for only one year. It was confirmed that a paper on the funding required to progress the work on safeguarding would be taken to LT for discussion.

7.3 Members agreed the content of the paper, and welcomed the continued improvement work which the finance team had undertaken in its reporting.

8. ES Risk Register and Directorate Risk Registers

8.1 The latest version of the Education Scotland Risk Register (ESRR) and the Directorate Risk Registers (DRR) were tabled for review, with a summary of the key risk score changes made since the Committee met in June. It was noted that while the overall risk scores for the majority of the risks had not changed, a number of additional planned actions had been agreed.

8.2 Discussions moved onto the risk for Scrutiny, where it was noted that the current risk had reduced due to the pause on inspections. The forecasting of this risk remained under review within the Scrutiny Risk Register, with further work planned on what a revised inspection process might look like. It was suggested that it might be helpful for this to be discussed with Advisory Board members.

8.3 It was agreed that the DRR Heatmap diagram detailing the ranking of directorate risks and risk areas would be sufficient to table at future quarterly ARC meetings for assurance, with a full paper taken for discussion annually. Members thanked Lesley Macaulay for the work in progressing risk management to this stage, acknowledging the format of the papers, and commenting how clearly it reflected the framework around the active management of risks in the organisation.

ACTION

09 / 20-21 Discuss Scrutiny/HGIOS4 at a strategic Advisory Board. Secretary – 20/01/21.

10 / 20-21 DRR Heatmap to be taken quarterly, and agreed that full DRRs be taken annually going forward. Secretary – 17/12/20

9. Transformation Programme Board

9.1 An overview on the Transformation Programme (TP) was provided by the Head of Digital Services, on the implementation of new digital tools and services across the work of ES. The programme's budget and nature of delivery, meant its assurance was through the Scottish Government's Digital Assurance Office via the Technology Assurance Framework (TAF) and the Digital First Service Standard (D1). Both assurance frameworks assess the programme at key points in its delivery, with the Discovery phase only recently completed.

9.2 It was pleasing to see that ES had taken the TP assurance into consideration, and noted that IA would provide an integrated assurance report looking across the work done. In light of the pace of the work unfolding in the TP, it would be helpful to include all external assurance recommendations into the Audit Recommendations Tracker.

9.3 Members asked that their thanks to the team be recorded on the importance of this work, which focussed on the delivery of the business to stakeholders.

ACTION

11 / 20-21 All external assurance recommendations to be included in the Audit Recommendation Tracker. Peter McBride – 17/12/20

10. Health, Safety and Well-Being

10.1 Members noted the content of the quarterly update from the Health, Safety and Well-being Committee. There was no confirmed date from SG on a return to offices. Regular staff comms and engagement through blogs, newsletters and virtual meetings around well-being continued to be issued.

10.2 It was important to note there would be work required around the impact to staff when a return to offices was deemed safe, recognising the information would vary between offices and roles, and staff personal circumstances.

10.3 It was proposed that a survey approach to staff be considered to check on predicted requests for flexible working. It was agreed it would likely be a blended approach for many, when offices eventually reopened, with a suggestion to look to ACAS who had produced guidance around survey points, which could be tailored to suit the ask and audience.

11. Information Security and Governance

11.1 The update paper on Information Security was welcomed by the Committee. Members queried the risk appetite of ES in respect of parents access to Glow accounts, in support of young children. ES had acknowledged the risk, however it was important to note this was a shared risk with the local authorities, and the digital team continued to put measures in place to mitigate any identified issues.

11.2 The Head of Information Governance and Ray McCowan provided an update on the work done thus far around the current Information Governance (IG) arrangements and the development of an improvement plan. Work had taken place with business areas on evaluations and to complete maturity models. The next steps would be to analyse the information, before providing an overall evaluation for ES. This would subsequently inform the improvement plan, and allow prioritisation of the highest risks.

11.3 It was expected that a baseline position paper would be tabled at the December meeting, to include findings and recommendations, and note how well IG was embedded into the organisation, and to weight the desired level of controls and risks.

11.4 It was important to recognise that some areas had shown good practice, and it would be key to share these elements across the organisation, proportionate to the directorate needs. Business Partners would provide a level of challenge on IG at directorate meetings.

11.5 The Committee thanked Melanie O'Bryan and Ray McCowan for the work which had been done on IG to date.

ACTION

12 / 20-21 – IG paper to be tabled at the Q3 ARC meeting. Melanie O'Bryan – 17/12/20

12. Any other business

- The Chair asked the minute to formally record his appreciation of the rich discussions which had resulted from the papers tabled at this meeting. These had consequently provided a number of improvement actions.

- The Committee welcomed the recognition of the Agency's improved FOI performance by the Scottish Information Commissioner in his second annual review.

Date of next meeting

The next meeting was scheduled for 10:00 on the 17 December 2020. A pre-meeting between the NEBMs and IA would be scheduled in advance to accommodate existing commitments.

Nina Hyslop
Secretary
15 October 2020