

Meeting	Audit and Risk Committee
Date	21/11/2024
Time	10:00-13:00

## 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>	
Gary Gibb	Internal Audit, SG
David Gregory	Strategic Director, ES
Gillian Hamilton	Chief Executive and Accountable Officer
Gillian Howells	Head of Finance, ES
Roz McCracken	Head of Governance and Financial Management, ES
Andy Pope	Head of Corporate Governance, Transport Scotland
Tommy Yule	Audit Scotland
Gill Ritchie	Strategic Director, ES
Dougie Shepherd	Internal Audit, SG
Robert Strachan	Strategic Director, ES
Erin Middlemass	Secretariat, ES
<b>Apologies</b>	
Avril Hamilton	Assurance Manager, ES
Zoe Headridge	Audit Scotland
Janie McManus	Strategic Director, ES
Patricia Watson	Strategic Director, ES
Sandra Wilson	Head of procurement, ES

### 1. Welcome and apologies

1.1 The Chair welcomed Members and attendees to the meeting.

1.2 Apologies were noted from Janie McManus, Zoey Headridge, Avril Hamilton, Patricia Watson and Sandra Wilson.

### 2. Previous meeting

2.1 The minutes of the previous meeting were approved.

2.2 The Action log was reviewed, and updates reflected as outlined below.

Actions closed:

ARC 05/23-24

ARC 1/24-25

ARC 5/24-25

Action ARC 6/24-25 was updated to reflect ongoing communications between The Chief Executive and the reform team. The Chief Executive confirmed that she has shared the Committee members offer of expertise with reform team.

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

3.1 A Declaration of potential conflict of interest was noted from Internal Audit and reflected on the relevant tracker with mitigations.

### **4. Internal Audit**

4.1 The Internal Auditors gave an overview of their Progress Report, highlighting key messages and sharing that the Digital Capacity review was almost complete, and the report would be tabled at the February meeting.

4.2 It was noted that any outstanding recommendations from follow up reviews would be monitored internally.

4.3 Internal Auditors confirmed that annual planning had begun for 2025/26 and that they would be making contact regarding this shortly.

4.4 Committee members asked whether the new audit standards would have any impact on the committee in terms of structure or content. Internal Audit advised that this was unlikely.

4.5 Committee members also asked for clarity around the intent of the digital strategy and who would be writing this. It was confirmed that this would be written by Education Scotland.

### **5. External Audit**

5.1 External Audit gave an overview of their update paper, sharing key messages around the conclusion of the 2023/24 audit work.

5.2 A discussion was had around the additional publications shared by External Audit, including the financial challenges in the college sector.

### **6. Audit Recommendations**

6.1 The Head of Governance gave an overview of the paper and advised that the purpose of the tracker is to monitor the progress on all recommendations to conclusion, especially those from follow up reports.

6.2 Committee members advised that it would be valuable to have this tracker tabled at Audit and Risk Committee on a quarterly basis.

6.3 Committee members requested sight of a DR testing report annually for critical IT systems.

6.4 A conversation took place around the management and DR testing of critical systems that sit with Scottish Government. It was suggested that that in preparation for a DR testing

report, Education Scotland should request the last DR testing date from Scottish Government.

6.5 The Chair highlighted the need to ensure records management and storing of corporate information and that this should be seen as a priority.

**ACTION 7/24-25 – Audit recommendation tracker to be added as a recurring paper.**

**ACTION 8/24-25 - Committee members requested sight of a DR testing report annually for critical IT systems.**

## **7. Finance Update**

7.1 The Head of Finance noted that timing issues meant that the tabled finance report did not reflect the most up to date information. As a result, a further paper had been shared with members that morning that provided information on the current position. It was noted that the latest paper would be shared with Advisory Board in December.

7.2 A discussion was had around budget pressures, considering changes to national insurance and minimum wages.

7.3 The Head of Finance highlighted the challenges arising from the roll out of Oracle, including the need to build familiarity with the system. External Audit confirmed that an audit on the implementation of Oracle would take place in the SG.

7.4 Committee members commented on the amount of work that had gone in to reducing the budget pressure significantly and the Chief Executive gave an overview of Scottish Governments emergency controls as well as additional controls put in place by Education Scotland. As the majority of the ES budget is staffing costs, the budget pressures were leading to capacity issues which was in turn, is creating additional pressure on existing staff.

## **8. Procurement annual report**

8.1 The Head of Governance advised that this paper was already published and asked if the committee would appreciate seeing this paper in the future.

8.2 The Committee were advised that since the publishing of this paper, a procurement capability assessment had also been undertaken and that the report from this was positive.

8.3 Committee members agreed that this paper would be of use at Advisory Board going forward as another form of assurance.

**ACTION 8/24-25 - Procurement report to come to AB rather than ARC.**

## **9. Risk Update**

9.1 An overview was given of the risk papers and changes to the risk register were highlighted. The Committee were asked for their views on the move from heat-maps to the Power BI report, with members noting that the Power BI report gave a clearer view of risk changes.

9.2 The Chair highlighted that it would be important for risk appetite to be discussed and reviewed as laid out in the paper.

9.3 An offer of support for using power BI was noted from a committee member with experience of the system, specifically looking at thematic issues.

**ACTION 10/24-25 - RM to arrange a session with both leadership team and the risk manager around Power BI.**

## **10. Reform update**

10.1 The Chief Executive gave an update on the progress of reform, the transition plan and the underpinning groups and themes which are being looked at.

10.2 It was also noted that Education Scotland were now engaged with organisation design specialists to look at organisational structure options. The aim is for organisation design work to be finalised by March 2025..

10.3 Staff continue to be kept updated on reform developments through the weekly staff bulletin, monthly Leading Together sessions and the staff engagement group. An updated set of FAQs from SG has been shared with staff.

## **11. Safeguarding update**

11.1 The Safeguarding Lead officer joined the meeting to give an overview of the updated policy and invited any questions or comments from the Committee.

11.2 It was agreed that a safeguarding report would be provided to ARC in either quarter one or quarter two to provide assurance, as well as a quarterly report which goes to LT.

**ACTION 11/24-25 – Safeguarding report to come to ARC annually.**

## **12. Information Security Update**

12.1 The Lead Cyber Security officer joined the meeting to give an overview of the Information Security paper, noting that there had been no change in the risk position. It was highlighted that new cyber security training for all staff would be rolled out the following week, to be completed by the end of March 2025.

## **13. AOB**

13.1 There was no further business.

## **Date of next meeting:**

27 February 2025

<b>Name</b>	Erin Middlemass
<b>Role</b>	Secretariat
<b>Date</b>	02/12/2024