

Meeting	Audit and Risk Committee
Date	30/06/2020
Time	10.00 – 13.00
Venue	Virtual

Minute

Members

John Fyffe	NEBM (Chair)
David Gemmell	NEBM
Aileen Ponton	NEBM
James Wallace	Independent Member

Attendees

Alan Armstrong	Strategic Director
Gayle Gorman	Chief Executive
Gillian Hamilton	Strategic Director
Gillian Howells	Head of Finance
Andrew Kerr	External Audit
Roz McCracken	Head of Governance
Janie McManus	Strategic Director
Jim Montgomery	Internal Audit
Dave Richardson	External Audit
Julie Taylor	Internal Audit
Maria Walker	Strategic Director
Lesley Macaulay	Secretary

1. Welcome and apologies

1.1 The Chair welcomed everyone to the meeting which was taking place virtually due to the ongoing Covid-19 restrictions.

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

2. Minute of meeting 18 December 2019

2.1 The Minute of 4 March 2020 was agreed without amendment.

Action log

59 – 2018 - Agenda item at 12.2. Action closed

10 / 19-20 – Included in the finance paper at 9.1. Action closed.

11 / 19-20 – The draft paper is with Janie McManus, Strategic Director, for approval. Ongoing

12 / 19-20 - Included at agenda item 4.3. Action closed

16 / 19-20 - Brought forward to October ARC meeting due to other work pressures. Ongoing

17 / 19-20 - completed and closed.

18 / 19-20 - completed and closed.

19 / 19-20 - completed and closed.

3. Declarations/Register of Interest

3.1 No declarations/registrations of interest were noted.

4. Internal Audit

4.1 Julie Taylor provided a brief summary of Internal Audit activity in Education Scotland (ES) since the last meeting. It was noted that 2019-20 Internal Audit Plan has been completed in full and on time. The first 2020-21 review had been delayed due to the ongoing pandemic but IA were confident of completing the overall plans within the year. Fieldwork was underway for HR Processes Review. The Advisory report on the Revised Governance Arrangements was being drafted. Follow up work was underway for the Organisational Development Review 2019-20.

4.2 Members raised concern that the proposed IA reviews could cause additional stress and anxiety for staff and that there may be delays due the ongoing recovery work. IA confirmed that they would be mindful of the situation and that they would do a stocktake regularly as they went through the process.

Internal Audit had provided an overall 'Substantial' assurance opinion for the review of Risk Management, which meant that they believed controls were robust and well managed. The development of the Education Scotland risk framework and associated procedures was found to be effective and any exposure to potential weakness was low and the materiality of any consequent risk was negligible. There was 1 medium and 2 low recommendations arising from the review which were accepted by management however it was noted that there may be a delay in meeting some of the recommendations in the report due to the pandemic.

4.3 The Chair advised that members had been sent a questionnaire recently by IA and agreed to send a copy of the response to Julie.

Action 01/20-21: Chair to forward a copy of his IA questionnaire response to JT. By 10 July 2020

4.4 Jim Montgomery confirmed that IA had provided "reasonable" assurance for 2019-20, which meant, in summary, that controls in relation to control and governance arrangements were "adequate but require some improvement". The significant improvements made over the last year were noted and in particular the substantial assurance given for the Agency's Risk Management arrangements.

4.5 It was confirmed that the SG had also been given a "reasonable assurance". However, this came with a warning that there was a need to invest in their corporate systems if this level of assurance was to be sustained.

5. External Audit

Draft Independent Auditor's Report and draft Letter of Representation

5.1 Dave Richardson confirmed that the work on the 2019/20 Annual Report and Accounts was complete and an unqualified report had been issued. In particular, the steps taken by management to improve the capacity and stability of the Agency was acknowledged.

5.2 External Audit also formally acknowledged the first class work of the finance team and the wider organisation, which had allowed the accounts to be issued in a timely manner and with no errors.

Annual Audit Report 2019-20 update

5.3 Andrew Kerr provided members with information about the key findings and recommendations arising from the audit of the Annual Report and Accounts.

5.4 Members welcomed the re-assurance that finance was being properly managed within ES. The Chief Executive extended LTs thanks to Gillian Howells, Head of Finance and her team for their work throughout the year and thanked External Audit for their partnership in taking this forward.

6. Certificates of Assurance

6.1 The Committee reviewed the tabled assurances to consider if any further input was required to strengthen the Governance Statement. It was noted that the process was underpinned by the ES annual Internal Control Checklist exercise and that, for the first time, the Community Learning and Development Standards Council had been included within the process. Members commented on the issues raised in the CLD certificate. Following discussion it was agreed that these issues didn't warrant inclusion within the Governance Statement.

6.2 Members confirmed that they were therefore content to place reliance on the Certificates of Assurance provided by the SDs and wider Scottish Government.

7. ARC Annual Report and Assurance

7.1 The Chair tabled the Committee's Annual Report and Assurance to the Accountable Officer. He made particular reference to the fact that it had been a very busy year for everyone and that the appointment of the new NEBMs had strengthened the Advisory board and ARC. Going forward there would be a continued focus on assurance and risk.

7.2 It was agreed that the report presented a fair and accurate record of the work for the past year. The Committee was satisfied that the range of assurances and evidence on the effectiveness of internal controls supplied to the Committee, were sufficiently reliable to provide overall assurance and support to the Accountable Officer and to the Advisory Board in their financial stewardship responsibilities.

8. Annual Report and Accounts 2019-20

8.1 The Committee reviewed the content of the 2019-2020 Annual Report and Accounts and agreed it provided a comprehensive summary. Members welcomed the introduction of the data and case studies which re-affirmed the positive journey that ES was currently on. It was suggested that the document could be split into smaller bite size key messages and shared with stakeholders.

8.2 The Committee agreed to recommend that the Accountable Officer should sign the Annual Report and Accounts.

9. Finance update

9.1 It was noted that the final position for 2019-20 was total expenditure of £38.94m compared to a budget of £39.33m which resulted in an underspend of £0.39m. This equated to an underspend of just under 1%. Based on the February forecast, the expectation at that time was that Education Scotland would come in very close to budget, however, the outbreak of Covid 19 meant radically changed ways of working which in turn affected organisational spend.

9.2 An update was provided on the finance 'Lessons Learned' activity. This included regular, ongoing meetings between SBU and Finance to ensure that good communication continues and any issues are dealt with as they arise. Finance, SBU and HR have also been working together to create one source of information on staffing which will support decision making by senior managers. It was also reported that finance training had been delivered to directorates which included clarification of roles and responsibilities and Financial Information Notes, covering key areas, were now available for all staff on Sharepoint. Members agreed that the update gave them the assurance required.

10. ES Risk Register

10.1 Gillian Hamilton introduced the new ES Risk Register which had been informed by the closed 2019-20 register. Two non-executives had been involved in reviewing an early version of the risk register and their feedback helped inform its further development.

10.2 As expected the impact of COVID 19 featured heavily in the register. It was recognised the way in which staff had responded to the almost immediate instruction to move to home working showed that ES was an agile and flexible organisation and would continue to be going forward.

10.3 Members discussed Risk 4 and the funding for the Transformation Programme. It was noted that while funding had been provided this year, future funding was not guaranteed given impact of COVID on SG budgets. This risk therefore needed to be kept under review.

10.4 In discussing risk 6 it was noted that there was a need for clarity about how ES should support the sector in the next phase. The organisation needed to be more flexible and agile in responding to the needs of the sector going forward.

11. For awareness and AoB

The following papers were tabled for awareness: -

11.1 **Information Security – quarterly update.** Members noted the substantial amount of work that the Digital Team had undertaken as a result of the pandemic particularly around Glow. The Committee also recognised the good work being done around cyber security and the balance being struck between security and usability.

11.2 **Information Governance Update.** Members noted the range of improvement activities underway and looked forward to receiving an update at the next meeting.

Action 02/20-21 - Gillian Hamilton to share the findings of the Information Governance Review at the next meeting.

12. Health, Safety and Well-Being

12.1 Members noted the change in remit of the Committee to incorporate wellbeing. The HR/OD team, supported by the ES Wellbeing Network had been active during the lockdown period and were working hard to ensure staff received advice on how to remain fit and well during lockdown. A range of communications continue to be issued in relation to mental health wellbeing and wellbeing calls had carried out by HR Officers to all staff. A final report about the key themes emerging from the calls will be produced for the Leadership Team.

12.2 The results of the recent SG Pulse Survey would also inform future activity.

12.3 The proposed approach for planning and managing the return of staff to ES offices was noted and members requested that further details be shared with ARC once the plan had been further developed.

12.4 Revised TOR – no comments.

Action 03/20-21 – Gillian Hamilton to share the Pulse Survey results with members.

Action 04/20-21 – Gillian Hamilton to share with ARC the details on planned return to ES Offices.

13. AOB

13.1 There were no items of AOB tabled.

14. Date of next meeting

14.1 The next meeting was scheduled for 10 am on the 1st October 2020 with a pre-meeting between the NEBMs and Internal Audit taking place from 09.15. The venue/format of the meeting will be advised nearer the time.

Lesley Macaulay
16/07/20