

Meeting	Audit and Risk Committee
Date	07/09/2022
Time	10:00-13:00

Minute

Members	
John Fyffe	Non-Executive Board Member (Chair)
David Gemmell	Non-Executive Board Member
Aileen Ponton	Non-Executive Board Member
Attendees	
Gayle Gorman	Chief Executive and Accountable Officer
Garry Gibb	Internal Audit
Joe Griffen	Director General, SG.
Gillian Hamilton	Strategic Director
Gillian Howells	Head of Finance
Andrew Kerr	Audit Scotland
Roz McCracken	Head of Governance
Jim Montgomery	Internal Audit
Gill Ritchie	Strategic Director
Apologies	
James Wallace	Independent Audit and Risk Committee Member

1. Welcome and apologies

1.1 The Chair welcomed Members and attendees to the meeting and gave special welcome to Joe Griffin, Director-General Education and Justice who was observing, and to Gary Gibb, attending for the first time

1.2 Apologies were noted from James Wallace.

2. Previous meeting

2.1 The minutes of the previous meeting were approved subject to one amendment to para 4.2 – amending the word “assurance” to “opinion”. The Chair also invited members to review the action log and noted that Action 23/21-22 was to be closed as IA had now shared their findings.

3. Declarations or conflicts of interest

3.1 No conflicts of interest were noted.

4. Internal Audit

4.1 The Chair invited an overview of the papers from Internal Audit

4.2 It was confirmed that the Hybrid Working audit had concluded with a substantial assurance opinion which reflected the good work that had been done by ES in this area. Members and attendees agreed that hybrid working was, however, a continuing and

evolving picture with attendees at the recent risk blind spot session reflecting that depending on increasing fuel and energy costs, people may work more in the office to offset heating costs, although this would also need to be balanced against the cost of traveling in to the office.

4.3 It was noted that the fieldwork around the change and reform review was in progress and would take place over the remainder of the year. This work had been paused whilst the governance structure arrangements were finalised. The committee was assured that progress was being made. Auditors also noted the work being done at the SG end on education reform, which would ensure an Integrated Assurance Process.

4.4 The IA quarterly bulletin was also tabled for information. The focus of the bulletin was Fraud prevention and members discussed potential trends in this area and the need to undertake fraud risk assessments.

4.5 It was confirmed that the Agency's fraud arrangements had been considered at the start of the pandemic and would now be reviewed again with plans being developed including the delivery of a session at a corporate services day.

5. External Audit

5.1 EA noted that the brief nature of the tabled report reflected where we are in the annual audit cycle.

EA had hoped to have the new auditor from Audit Scotland attend the meeting, however the appointment had not yet been confirmed. The announcement was expected shortly however, and this would be communicated to members.

5.2 No comments were noted from The Board.

6. Finance Update

6.1 Head of Finance gave an overview of the update paper and confirmed that work was ongoing to support the reduction of the current overspend noted in the papers. It Budget issues had arisen due to unforeseen inflation levels and the current economic climate. While work was ongoing to identify savings, this was challenging as the ES budget mainly comprised staffing costs.

6.2 Members also noted the potential challenge of SG pay increases potentially failing to keep up with the cost of living and that any failure to match wider sector pay increases could result in the loss of staff and impact on the Agency's ability to recruit. The Head of Finance confirmed that ES do not have separate pay bargaining and this was under control of SG and so effective messaging about the wider benefit package would be crucial. It was confirmed that work continued to model the options available. Members confirmed that they would be interested to see the modelled scenarios.

6.3 An Emergency Budget Review that would be undertaken shortly and members discussed the Agency's ability to take on additional work with current resources and the balance that must be struck between getting the biggest impact for the resource that we have.

ACTION POINT: Finance to share the modelling that has been done around the impact of different levels of pay increases.

7. Risk

7.1 The Head of Governance presented the ES Risk register, noting in particular, that the Risk around budget pressures had now been increased to the maximum score.

7.2 The Education Reform change risk register had also been provided for information. It was confirmed that wider Education Reform risks would be escalated to the Education Reform Strategic Board while risks around BAU would escalate through ES routes, ultimately to DG as appropriate.

ACTION - Clarification was asked for on risk OECDFUC02 – RM

7.3 IA advised that the education reform change risk register reflected the discussions between ES and themselves accurately.

8. Procurement Annual Report

8.1 Members commended the Report and the work that informed it.

8.2 IA noted that the impact of procurement can come across as compliance focussed in terms of tone and advised that it would be good to demonstrate more of the impact and outcomes arising from procurement spend.

8.3 Members asked whether the range of procurement frameworks were beneficial or restrictive for the Agency, with confirmation that ES can for beyond the Frameworks, where necessary.

9. Business Continuity Plan

9.1 Roz McCracken advised that the BCP was presented in line with the ARC's work schedule. The BCP was in the process of being reviewed and members were asked for comments or feedback.

9.2 The BCP would be subject to a test in the coming months with the Committee requesting that the outcomes of the 'test in a box' come back to ARC when available.

ACTION – Committee to feed any comments back to RM on BCP

10. Health, Safety and Well-Being (HSWB) Committee update

10.1 The Chair gave an update following his attendance at the recent HSWB meeting. He noted that the meeting had had good representation from across the Directorates and that it had been well chaired, with all members able to contribute. Conversations had been rightly focussed on wellbeing, lone working and staff capacity. As a result, the Chair of ARC confirmed that he could reassure ARC that the HSWB Committee was doing what it should and operating effectively.

11. Information Security

11.1 The Committee commented on the potential recruitment difficulties in this area due to wage increases in the private sector and the risks this represented. Members noted that this was an issue across Government.

12. AOB

12.1 It was agreed that the Committee would come together at least once a year in person, but that hybrid meetings would continue as they have been for the remainder.

Date of next meeting:

30 November 2022

Name	Erin Middlemass
Role	Secretariate
Date	14/09/2022