

Meeting	Audit and Risk Committee
Date	03/03/2021
Time	10:00 – 13:00
Venue	MS Teams

## Minute

### Members

John Fyffe	Non-Executive Board Member (NEBM) (Chair)
David Gemmell	NEBM
Aileen Ponton	NEBM
James Wallace	Independent Audit and Risk Committee Member

### Attendees

Gillian Hamilton	Strategic Director
Craig Clement	Strategic Director
Gillian Howells	Head of Finance
Roz McCracken	Head of Governance
Jim Montgomery	Internal Audit
Julie Taylor	Internal Audit
Dave Richardson	Audit Scotland
Sanya Ahmed	Audit Scotland
Patricia Dougan	Head of Digital Learning and Teaching (item 8)
Michael Moynihan	Head of Information Security (item 9.2)
Emma Pollock	Head of Delivery and Service Management (Item 9.2)
Erin Middlemass	PA to Craig Clement (observing)
Clare Connor	Secretary

### Apologies

Gayle Gorman	Chief Executive
Andrew Kerr	Audit Scotland

## 1. Welcome and apologies

- 1.1 The Chair welcomed everyone to the meeting, especially Sanya Ahmed who was observing the meeting. Apologies were noted from Gayle Gorman, Ollie Bray and Andrew Kerr.
- 1.2 Thanks were extended to Dave Richardson who was attending his final ARC meeting before retiring in April.

## 2. Previous meeting

- 2.1 The Minute of 17 December 2020 was agreed to be an accurate record of discussions.

### 2.2 Action log

13 / 20-21 – Arrange an ARC session to discuss potential blindspots. Dates identified with invite opened for extended leadership to also attend. Forecast date 30/06/21. OPEN.

14 / 20-21 – Meeting to discuss change management for BAU. Tabled 18/02/21. CLOSED.

15 / 20-21 – Issue the Oversight Board ToR to NEBMs. Issued 25/02/21. CLOSED.

### **3. Declarations/Register of Interest**

- 3.1 There were no declarations or conflicts of interest to note.
- 3.2 Members were reminded that self-assessments were due by the end of March.

### **4. Internal Audit**

- 4.1 Internal Audit (IA) provided a summary of their activity in Education Scotland (ES), since the last meeting in December 2020. The final report for the financial management review was tabled with the fieldwork for workforce planning and the follow up on the audit of risk management reported to be underway.
- 4.2 An update regarding the revised approach to follow up reviews was also shared, with Internal Audit highlighting that from now on only one review would take place on all medium to high recommendations. Low level recommendations would not be followed up. It was reported that Internal Audit would also share final outputs from their audit plan with the Digital Assurance Office, as part of improving their integrated assurance approach.
- 4.3 The Committee agreed and approved the tabled Internal Audit Plan for 2021/22, and were pleased to note the Substantial Assurance provided for the final financial management audit. Members expressed thanks to Gillian Hamilton and Gillian Howells for their continued work to improve finance reporting across Education Scotland.

### **5 External Audit**

- 5.1 Audit Scotland (AS) presented their annual audit plan and provided an update on national audit reports. The Committee was informed of their intention to rely on the small body exemption thus reviewing governance and the finance statements only as part of their 2021/22 audit activity.
- 5.2 Members also noted that the publication of their Improving Outcomes for Young People through Education report was imminent.
- 5.3 The Committee were content with the audit plan and future review provisions from Audit Scotland, and the Chair thanked Dave for his significant contribution, his support and advice to the Committee over a number of years before wishing him well in his retirement.

### **6. Finance update**

- 6.1 The finance update and expenditure summary to 31 January 2021 was presented to the Committee. It was highlighted that the underspend reported would likely increase due to several unspent grants.
- 6.2 It was also noted that budget planning for 2021/22 was being progressed with the budget information due to be discussed at LT later in March.

- 6.3 Committee members requested clarity on the VAT position regarding the potential VAT liability on the Civica contract. It was reported that current VAT guidance includes for the recovery of VAT on certain services, including IT services but it was not clear whether the Civica contract was caught by this definition. This was therefore currently with the SG VAT team for advice on the correct treatment. This had therefore been factored into the finance budget for 2021/22 with the owner of the transformation programme deferring some of the next steps of the programme until the next financial year in order to provide financial cover for this.
- 6.4 The Committee also noted the significant difference in central overheads reported since the last report. It was explained that this was due the National e-Learning Offer (NeLO) costs which had not been included within the central overheads budget previously.
- 6.5 There was a discussion, about the potential need to develop a process to enable earlier identification of underspend relating to awarded grants. It was noted however that this was an unusual year and that we did not normally experience issues of unspent grants.

## **7. Risk update**

- 7.1 The latest version of the Risk Register (ESRR) along with the ES and Directorate Heatmaps were tabled for review. It was noted that in line with an Internal Audit recommendation Business Managers and Business Partners had completed additional risk management training with the Civil Service College. Additionally, a review of risk management across Education Scotland was currently underway with feedback from Committee members to be invited in the near future.
- 7.2 The Committee acknowledged the outstanding risks and welcomed the Committee's involvement in the review of the risk management process. Members were also content with increasing risk 13. It was also noted that the Committee would look at the escalation process as part of the review to ensure clear and transparent processes are in place for people to follow.

## **ACTION**

- 18 / 20-21 Roslyn McCracken to invite views from Committee members on Education Scotland's risk management review – by mid-April.**
- 19 / 20-21 Gillian Hamilton to update Committee members on changes to the Leadership Team – 10<sup>th</sup> March 2021.**

## **8. Transformation Programme**

- 8.1 Patricia Dougan provided an assurance update regarding the transformation programme. It was noted that the majority of recommendations from the latest Gateway Review had been completed and the remaining two actions would be progressed to conclusion in the next few months.
- 8.2 The Committee confirmed they were assured with the progress being made regarding the Gateway Review recommendations.

- 8.3 Following further discussion, it was agreed that an update on the Transformation Programme would be a standing item at future ARC meetings.

**ACTION:**

- 20 / 20-21 Secretary to add the Transformation Programme as a standing item to the Audit and Risk Committee work planner.**

**9.1 Health, Safety and Well-Being (HSW)**

- 9.3 Members noted the draft minute and key points from the recent Health, Safety and Well-being Committee.

- 9.4 The Chair noted that absence levels continued to be higher than the average SG levels with the most common reason for time off work being due to stress, anxiety and upset and there was a discussion about what was being done to support staff.

- 9.5 An inaccuracy in the minutes was identified regarding the SG's intention to hold a list of staff who had received the vaccine. Members were assured that there is no intention to do this.

**9.6 Cyber Security Update**

- 9.7 Michael Moynihan attended to present an update regarding cyber security. It was noted that Glow usage and behaviours had changed significantly over the past year. In response Education Scotland was targeting areas of increased risk to users in order to minimise potential security incidents.

- 9.8 An update was provided on the development of the new safeguarding product. While this would significantly reduce risks, there was likely to be increased privacy and ethical concerns from some quarters which would need to be managed carefully. It was therefore agreed that this needed a more in-depth risk discussion.

- 9.9 Members also discussed the recent devastating cyber-attack on another Scottish public body. Back up arrangements had been a significant factor in that incident and it was noted that we were therefore reviewing our own arrangements to ensure we could not be similarly impacted. An update would be provided at the next meeting.

**ACTION:**

- 21 / 20-21 The Secretary to organise a single item meeting between members and LT to discuss the risks around the AI safeguarding product in more detail.**

- 22 / 20-21 Michael Moynihan to provide an update to ARC on the review of the Agency's back up arrangements at the next ARC meeting.**

**10. Any other business**

- 10.1 There were no other business items to note.

- 10.2 The Chair thanked members and attendees for their contributions.

**Date of next meeting**

The next meeting was noted as scheduled for 30 June 2021, 10:00 – 13:00. A pre-meeting between the NEBMs and Internal Audit will take place at 09:15.

Clare Connor  
Secretary  
3 March 2021