

**MINUTES: AUDIT & ASSURANCE COMMITTEE MEETING
14 February 2022, Video Conference**

Present

Mr Stephen McAllister (Chair), Mr Jim Farish, Ms Jane Davey, Mr Terry Powell

In Attendance

Mr Mark McSherry (Chief Executive), Mr Paul Keoghan (Director Corporate Services), Ms Lucy Jackman (Governance Officer), Mr Denis Songoro (Finance Administrator), Ms Julie Taylor (Scottish Government Internal Audit), Jim Montgomery (Scottish Government Internal Audit), Jim Rundell (External Audit, Audit Scotland)

Welcome

1. The Chair called the meeting to order at 9:30 am and welcomed all present.

Apologies

2. The Chair noted no apologies were submitted.

Declarations of Interest

3. The Chair called for any declaration of interest and noted none were declared.

Approval of Previous Minutes

4. The Committee reviewed and approved the minutes of the meeting held on 18th October 2021.

Matters Arising

5. There were no matters arising.

Agenda Items

6. Corporate Governance Report – Audit Committee Paper 434

- 6.1. The Director Corporate Services introduced the paper and advised that in preparation for the year end accounts the Committee should review corporate governance report independent of the annual report and accounts approval process.

6.2. The Director reviewed the key elements of the governance report with the Committee including the director's report; statement of accountable officer's responsibilities; the RMA governance framework; and the Board and Committee's functions and responsibility.

6.3. The Committee noted the draft Corporate Governance Report and reported a minor typo on page 6.

Action: GO

7. Corporate Risk Register – Audit Committee Paper 435

7.1. The Director Corporate Services presented the Corporate Risk Register and provided an update since the register was last reviewed in October.

7.2. The Committee was informed over the period, four risks have reduced. This include the following risks;

- i. The corporate risk of business interruption. The RMA considers the implementation of national and organisational policies have enabled the development of new ways of working while living with Covid. This will be subject to active management as Covid evolves.
- ii. The operational risk for failure to identify and implement an IT based case management system has reduced.
- iii. The corporate risk of major incident resulting in harm to staff has reduced.
- iv. The operational risk to delivery of training courses has reduced as training courses are now deliverable online.

7.3. The Committee was made aware one risk has increased which related to the risk for data protection and loss of sensitive data. This risk has been reassessed following advice from Scottish Government that it's a matter of "when" not "if" there will be a cyber-breach. The Committee were informed a review of cyber security and disaster recovery arrangements will be conducted over 2022-23.

7.4. The Committee noted the Corporate Risk Register.

8. Internal Audit – Internal Audit Plan 2022-23 – Audit Committee Paper 436

8.1. Ms Taylor presented the paper and informed the Committee that Internal Audit met the Chief Executive, Director of Corporate Services and Chair of Audit and Assurance Committee to discuss the audit plan for 2022-23.

8.2. The Committee was made aware the audit programme will focus on governance arrangements which will include role of Board & Committees; role and responsibilities of Board and Executive team; management information; development of corporate plan; capacity and capability.

8.3. The Committee was advised that to determine the overall assurance opinion for RMA, Internal Audit will take a number of factors into account which include engagement with senior management, effectiveness and structure of Audit and Assurance Committee, the approach to risk management and other assurance sources such as External Audit.

8.4. The Committee noted the report on Internal Audit Plan 2022-23.

9. Internal Audit – Internal Audit Progress Report – Audit Committee Paper 437

9.1. Ms Taylor presented the paper and updated the Committee that no changes have been made to the annual audit plan since February 2021 and Internal Audit is on track to complete the plan by 31st March 2022.

9.2. The Committee was updated that fieldwork is underway for Community Readiness Order for Lifelong Restriction review. The final report is scheduled to be issued end of February 2022.

9.3. The Committee was informed Mr Gibb will be replacing Ms Taylor from 1st April while Mr Montgomery will remain as Senior Internal Audit Manager to provide continuity.

9.4. The Chair thanked Ms Taylor for the support and contribution made to the Audit & Assurance Committee.

9.5. The Committee noted the Internal Audit Progress Report.

10. Progress Report - Internal Audit Recommendations – Audit Committee Paper 438

10.1. The Director Corporate Services presented the paper and updated the Committee the final recommendation from the 2019-20 plan has been completed. This related to RMA populating gaps and data flow map to enable identification of inter-dependencies and ensure documents are aligned.

10.2. The Director also updated the Committee on progress of the final recommendation from the 2020-21 plan which related to the development of an internal communications strategy. The Director confirmed the production of an internal communications strategy is an objective for 2022-23.

10.3. The Committee noted the progress report on internal audit recommendations.

11. Progress Report – External Audit Recommendations – Audit Committee Paper 439

11.1. The Director Corporate Services presented the paper and updated the Committee on the outstanding recommendation from 2020-21 external auditor's report. The Director confirmed the review of the business continuity plan is scheduled for completion in Q4 of 2021-22.

11.2. The Committee noted the progress report on external audit recommendations.

12. Committee Self Evaluation Report – Audit Committee Paper 440

12.1. The Director Corporate Services presented the paper which facilitated a self-evaluation of the Committee's performance over the period 2021-22.

12.2. The Director informed the Committee the self-assessment framework contains 32

questions to evaluate performance and the draft return with exception of Q31 has been pre-populated on behalf of members.

12.3. The Director invited members to review the report and to provide feedback to Q31 which asked if there any areas where the committee could improve upon its current level of effectiveness.

12.4. The Committee noted there is always scope for improvement and would look to support from auditors on areas of best practice.

12.5. The Committee agreed it would be beneficial to receive a report from the Chief Executive at each meeting on current concerns and issues. The Chief Executive agreed to schedule update reports for future meetings.

Action: DCS

12.6. Mr Montgomery advised following the 2022-23 audit programme which will include a review of roles and responsibilities of Board & Committees, lessons will be learnt which may identify areas for improvement for the members.

12.7. The Committee noted the self-evaluation report.

13. Committee Member Composition and Terms of Reference – Audit Committee Paper 441

13.1. The Director Corporate Services presented the paper and highlighted Mr Powell's term of appointment is scheduled to end in March 2023 which will create a vacancy in the committee. The Director also reviewed the schedule of committee meeting for 2022-23.

13.2. The Director invited members to review the Committee's Terms of Reference and Membership structure .

13.3. The Committee noted the report and proposed no changes to the Terms of Reference. In relation to the Committee membership the Committee agreed the Chair will report the future vacancy to the Board to ensure an appropriate succession plan is prepared.

14. External Auditor Annual Audit Plan 2021-22 – Audit Committee Paper 442

14.1. Mr Rundell presented the paper which outlines the external auditor's approach to annual audit and areas of audit activity.

14.2. Mr Rundell discussed materiality explaining it is an expression of the relative significance of a matter in the context of the financial statements as a whole. Mr Rundell informed the Committee, Audit Scotland will conduct an audit to determine with reasonable confidence whether financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and nature of misstatement, and the detail of it is contained in the report.

14.3. Mr Rundell advised the Committee the audit which was traditionally scheduled for

May will require to be delayed to October due to resource issues at Audit Scotland.

14.4. The Committee noted the External Auditor Annual Audit Plan 2021-22 update.

15. The 2020-21 audit of Scottish Environment Protection Agency – Audit Committee Paper 443

15.1. The Director Corporate Services presented Audit Scotland's report on the cyber-attack of the Scottish Environment Protection Agency(SEPA) on 24 December 2020. The Director highlighted the report noted the attack also targeted backups resulting in SEPA being unable to retrieve significant amount of its data including financial records.

15.2. The Director informed the Committee the RMA will be reviewing all IT services and will conduct a threat assessment and redundancy arrangements to support business continuity in the event of a cyber-attack.

15.3. Mr Rundell also advised the Committee that ICT controls will become an area of focus in the coming year for Audit Scotland due to the threat of cyber security.

15.4. The Committee noted the Audit Scotland report.

Date of Next Meeting

16. The Committee noted the date of the next meeting will be 20 June 2022.

AOCB

17. The Chair asked if there was any other competent business.

18. There being no other business the Chair thanked all in attendance for their contribution and called the meeting to a close at 10:30.