

**Risk Management Authority**  
**AUDIT COMMITTEE MEETING**  
**16 October 2017, RMA, Paisley**  
**MINUTES**

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**Present:**

Mr Stephen Swan, Chair  
Mr Terry Powell, Board Member

**In attendance:**

Ms Yvonne Gailey, Chief Executive  
Mr Paul Keoghan, Director of Business Performance  
Mr Denis Songoro, Finance Administrator  
Ms Mabel Hall, Internal Auditor, Scottish Government Internal Audit

**Apologies:**

Prof. Hazel Kemshall, Mr Chris Hawkes and Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit.

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**1. Introductions**

1.1. The Chair called the meeting to order, welcoming those in attendance.

**2. Apologies**

2.1. Apologies were submitted by Prof. Kemshall, Mr Hawkes and Mr Montgomery. The Committee were advised that Mr Montgomery from Internal Audit would not attend all meetings, thus it was agreed he would not be required to submit apologies for future meetings.

**3. Declarations of Interest**

3.1. There were no declarations of interest.

**4. Minutes of meeting on 21 August 2017**

4.1. The Committee reviewed and approved the minutes of the meeting held on the 21st of August 2017.

**5. Matters Arising**

5.1. There were no matters arising.

## 6. Corporate Risk Register – Audit Committee Paper 268

- 6.1. The Director of Business Performance introduced this paper, noting that the previous review of the risk register was conducted in December 2016. The register contains 12 active (2 high, 5 medium and 5 low) risks and 3 residual risks.
- 6.2. The Committee were advised that there was no movement or change in the risks to report and no new risks identified.
- 6.3. With regards to risk 02 'Inadequate resources' and O4 'Research and training programme undeliverable', the Director informed the Committee that a revised baseline budget had been prepared and submitted to the sponsor department this month, with a formal decision expected by the end of the year. A key aspect of risk O4 concerns staff resource, which has been mitigated by the successful recruitment of Research Assistants, but exacerbated by difficulties in recruiting a Research Lead. The Committee were informed that the RMA were now exploring a range of options to meet the requirements of this post, including consideration of a consultancy for peer review processes, the creation of a secondment opportunity; or putting in place supervisory arrangements on a contractual basis via a higher education establishment. These and other options will be explored fully to reduce risks to the delivery of the research and training programme.
- 6.4. The Committee were advised of other actions taken against corporate risks, these being:
  1. A review of the Security Policy has been undertaken by the staff group;
  2. CCTV has been installed to enhance the security of the RMA's IT network equipment;
  3. Staff have been recruited to the Delivery Team to build resilience within the RMP approval process;
  4. An adequate number of Accredited Assessors continues to be maintained.
- 6.5. The Director provided the Committee with an update on the current legal action against the RMA, advising that all motions had now been heard and that the court was now in recess, with a decision possibly expected in January 2018. Total legal costs for the case are now anticipated to be approximately £50k, attributable to the complexity of the arguments and large volume of paperwork submitted by the pursuer.
- 6.6. It was noted that a meeting with the RMA's legal representatives will be scheduled once the action has concluded, to review processes and systems, and identify learning opportunities. The Committee welcomed that decision, highlighting that potential legal challenges are possible at any time; and thus it would be beneficial to better understand the likely outcomes and implications; and have appropriate measures in place.
- 6.7. The Director informed the Committee that the senior management team have plans to undertake a full review the risk register this year.
- 6.8. The Committee noted the Corporate Risk Register.

## **7. Internal Audit Memorandum of Understanding – Audit Committee Paper 269**

- 7.1. Ms Hall introduced the updated memorandum of understanding (MOU), which will cover a three-year period (to March 2020). The Committee were advised that Internal Audit had sought to align the MOU with the audit plan going forward, to allow a degree of flexibility in addressing issues as they arise. The Director confirmed that staff had reviewed the MOU and were content with the arrangements.
- 7.2. The Committee accepted the updated MOU.

## **8. Internal Audit Recommendations – Audit Committee Paper 270**

- 8.1. The Director introduced this paper and informed the Committee of the progress made against the four internal audit recommendations – one high, one medium and two low priority. The Committee were advised that three of the recommendations had now been met, these concerning the timely publication of minutes; terms of reference review dates; and corporate plan accessibility. Progress has been made against the remaining recommendation, Board succession planning, with a draft plan scheduled to be presented to the Convener in December 2017. The Director confirmed that the draft plan would seek to provide Board recruitment strategies that took account of Board member skill set requirements; and provide options regarding the timescale / period for new appointments.
- 8.2. The Committee noted the progress update.

## **9. External Audit Recommendations – Audit Committee Paper 271**

- 9.1. The Director provided the Committee with an update on progress against external auditor recommendations. In terms of the litigation claim against the RMA, the Committee were advised hearings have concluded and the Court is currently considering the outcome of the case which is expected to be announced by January 2018. The Committee again outlined the benefit of taking learning points from the legal case and noted their expectation that a considerable amount of follow up work will be required, given the impact of litigation claims of this nature.
- 9.2. In relation to recommendation 2: Financial Pressures, the Director reiterated that a revised baseline budget had been submitted to the sponsor department, which considered a range of options and scenarios. A response is expected by the end of the year, which will allow suitable time for plans to be made according to the outcome received.
- 9.3. Recommendation 3: Corporate Plan – the Committee were advised that a revised corporate plan is currently being developed, following discussions with the sponsor department. These revisions will take account of new justice strategies. It is anticipated that the updated plan will be submitted to the RMA Board for review in November 2017.
- 9.4. The Committee noted the progress made against the external audit recommendations.

**10. Fraud Policy – Audit Committee Paper 272**

10.1. The Committee were informed that the Fraud Policy was reviewed by the Board in June 2017 and that there were no changes recommended.

10.2. The Committee noted the Fraud Policy.

**11. Risk Management Strategy - Audit Committee Paper 273**

11.1. The Committee were advised that the Risk Management Strategy had been reviewed by the Board in June 2017 and that there were no changes recommended to the current strategy.

11.2. The Committee noted the Risk Management Strategy.

**12. AOCB**

12.1. There was no other competent business.

**13. Date of next Meeting:** 18 December 2017.