

Risk Management Authority
Audit & Assurance Committee Meeting
17 February 2020, RMA, Paisley

MINUTES

Present:

Mr Stephen Swan, Chair
Mr Terry Powell, Board Member
Mr Chris Hawkes, Vice Chair, Board Member
Mr Stephen McAllister, Board Member

In attendance:

Mr Paul Keoghan, Director Corporate Services
Mr Mark McSherry, Chief Executive
Mr Denis Songoro, Finance Administrator
Ms Mabel Hall, Internal Auditor, Scottish Government Internal Audit
Ms Julie Taylor, Internal Auditor, Scottish Government Internal Audit
Mr Jim Rundell, External Audit, Audit Scotland
Mr David Meechan, External Audit, Audit Scotland

Introductions

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

Apologies

2. There were no apologies submitted.

Declarations of Interest

3. There were no declarations of interest.

Minutes of meeting on 21 October 2019

4. The Committee reviewed and approved the minutes of the meeting held on the 21st of October 2019.

Matters Arising

5. There were no matters arising.

External Audit – Annual Audit Plan 2019-20 – Audit Committee Paper 359

6. Mr Rundell introduced the paper and advised the Committee that the paper outlines Audit Scotland's approach to annual audit and the areas of audit activity. The audit plan clarifies responsibility for the preparations of accounts and identifies the key risks being considered as part of the audit process and sources of relevant assurances.
7. The Committee's attention was drawn to two risks which have been identified and will be subject to specific testing during the audit plan for 2019-20 which are;
 - i. Risk of material misstatement caused by management override of controls.
 - ii. Financial Sustainability
8. The Committee was informed that The Code of Audit Practice includes provisions relating to the audit of small bodies which the RMA's audit will be based on. The focus of the RMA's audit will be on Financial Sustainability and Governance and Transparency.
9. The Committee was advised that to support the efficient use of resources, a timetable for the annual report and accounts had been agreed for the key outputs for the year with delivery dates.
10. The Committee noted the annual audit plan.

Internal Audit – Internal Audit & Assurance Quarterly Bulletin - Audit Committee Paper 360

11. Ms Hall introduced the paper and informed the Committee the Quarterly Bulletin is used by Internal Audit to share information and tends to look at key risks that emerging from the national audit.
12. The Committee noted the quarterly bulletin report.

Committee Self Evaluation Report – Audit Committee Paper 361

13. The Director Corporate Services introduced the paper and advised the Committee the self-assessment framework contains 32 questions to evaluate Committee performance.
14. The Committee reviewed and agreed the questions supplied with prepopulated responses. In relation to the question 31 the Committee asked if the auditors had any suggestions where the Committee could improve upon on its current level of effectiveness.
15. The external auditors suggested that in some other bodies, it's common for board members of the Audit & Assurance Committee to have private sessions between Internal and External Auditors. This sessions serve as an opportunity for board members in case they have anything they would like to share in confidence.

16. The Committee was advised that going forward, Internal Audit were looking to have a meeting with the Chair and other board members in the audit committee, which gives an opportunity for members to raise any issues of concern independently.

Action Point : DCS

Committee Terms of Reference & Member Composition – Audit Committee Paper 362

17. The Director Corporate Services introduced the paper for Members to review the Committee's Term of Reference and Membership.
18. The Director informed Members the calendar of meetings scheduled for 2021-21 was appended to the report.
19. The Committee noted the report and proposed no changes to the Terms of Reference or Membership.

Scottish Government and RMA Sponsorship Framework - Audit Committee Paper 363

19. The Director Corporate Services introduced the paper and advised the Committee the framework sets out the relationship between the RMA and Scottish Government and defines key roles and responsibilities which underpin the relationship between the RMA and Scottish Government.
20. The Committee was informed the framework is subject to a periodic review and the RMA has been working in consultation with the Sponsor Department to review the current framework.
21. The Committee's attention was drawn to clause 23 which seeks to grant the Scottish Government Internal Audit Directorate right to access to all RMA records and personnel for any purpose. The Director informed the Committee the RMA has governance and GDPR concerns with this clause and have referred the issue to both the Sponsor Department and the RMA's legal advisors to review.
22. The Committee noted the report and requested they are updated on the legal advice received.

Action Point: DCS

External Audit Recommendations - Audit Committee Paper 364

23. The Director Corporate Services introduced the paper and updated the Committee that the external auditor's report for 2018-19 identified two recommendations for management consideration.
24. The 1st recommendation was to amend the treatment of the value of the case management system in the 2018-19 annual accounts as an Asset Under Construction. This was amended accordingly in the 2018-19 Annual Accounts.

25. The 2nd recommendation was concerning the Financial Sustainability of the RMA. The Committee was updated that a meeting was held with the Sponsor Department in December and discussions are continuing regarding the current funding levels. However matters regarding budgets were on hold while UK elections were underway. The Committee were informed a further meeting with the Sponsor Department was held in February and another meeting scheduled for March.

Internal Audit – Internal Audit Progress Report - Audit Committee Paper 365

26. Ms Hall introduced the paper and updated the Committee that the audit plan for 2019-20 which comprised of one audit assignment of reviewing the General Data Protection Regulation (GDPR) was delivered and successfully completed.
27. The Committee was informed that in accordance with best practice, Internal Audit are required to rotate staff to maintain independence across all clients. As a result the Committee should note that from 1st April 2020 the Internal Audit Manager/Business Partner role will be performed by Julie Taylor, however the Senior Internal Audit Manager role will be maintained by Jim Montgomery to provide continuity.
28. The Committee was advised that the mapping of the process for GDPR is still yet to be fully completed and an update on this will be covered in the next report.

Action Point: DCS

Internal Audit Plan - Audit Committee Paper 366

29. The Committee noted the proposals for the planned Internal Audit Programme for 2020-21 which comprises one audit assignment of reviewing stakeholder engagement and communications.
30. The committee was content with the report.

Corporate Risk Register - Audit Committee Paper 367

31. The Director Corporate Services introduced the paper and advised the Committee that since the register was last reviewed in October 2019 ,the register has changed as follows.
32. Three new risks were added to the register which are as follows;
- i. Project delivery of HDC structured decision making model which has a score of 6
 - ii. Organisational reputation associated to developing HDC structured decision making model which has a score of 3
 - iii. Weakened safeguards to public protection which has a score of 12
33. The following risk reduced over the period which was;
- i. Staff not functioning to effective capacity, which now has a score of 6

34. The Committee noted Corporate Risk Register.

AOB

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

36. There being no other business, the Chair thanked everyone for their contribution and closed the meeting.

Date of next Meeting: 15th June 2020.