

Risk Management Authority
AUDIT COMMITTEE MEETING
18 December 2017, RMA, Paisley

MINUTES

Present:

Mr Stephen Swan, Chair
Mr Terry Powell, Board Member
Mr Chris Hawkes, 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
Ms Aimee MacDonald, External Audit
Ms Elaine Barrowman, External Audit
Mr Peter Graham, Scottish Government Internal Audit

Apologies:

Prof. Hazel Kemshall

Introductions

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

Apologies

2. Apologies were submitted by Prof. Kemshall.

Declarations of Interest

3. There were no declarations of interest.

Minutes of meeting on 16 October 2017

4. The Committee reviewed and approved the minutes of the meeting held on the 16th of October 2017.

Matters Arising

1. There were no matters arising.

Corporate Risk Register Review – Audit Committee Paper 279

2. The Director of Business Performance introduced this paper, noting that the risk register had last been reviewed in October. The Committee's attention was drawn to risk E4 "*the risk of business interruption due to business systems failures or natural events*" to highlight that the RMA has committed to implementing the Scottish Government action plan on cyber resilience. The Committee were advised that all of the RMA's IT systems would be reviewed as part of this process, which were mainly based on Scottish Government's scots platform, but also included non scots items such as the RMA website, online flexi system and diligent boardbooks.
3. Ms Hall advised the Committee that Internal Audit are currently carrying out a cyber-security audit of Scottish Government systems, the findings of which will be communicated to partners via Internal Audit's regular quarterly bulletin.
4. The Committee discussed the impact of the implementation of GDPR in May 2018 and were assured that measures were being put in place to meet the new requirements, along with those relating to the Law Enforcement Directive and Data Protection bill currently processing through the UK Parliament.
5. The Committee requested that wording was added to the front page of the corporate risk register report, to provide assurance of staff's on-going consideration of any potential events.

Action Point: DBP

6. The Director advised that he had hoped to give a verbal update on risk 02 *the risk that RMA's resources are inadequate to deal with workload*, however no response has been received as yet from the Sponsor Department regarding the revised budget submitted. This update will therefore now be provided in the new year. The Director also confirmed that a full review of the risk register is scheduled to take place in quarter 4.
7. The Committee noted the Corporate Risk Register.

Internal Audit Recommendations – Progress Report – Audit Committee Paper 280

8. The Committee were advised that the Internal Audit report for 2016-17 produced 4 recommendations for management to consider, of which 3 have been implemented. The outstanding recommendation relates to board succession plan arrangements which are on target for completion by March 2018.
9. The Committee noted the progress report.

External Audit Recommendations – Audit Committee Paper 281

10. The Director provided an update on the external audit recommendations, informing the Committee that the RMA's legal advisors had indicated the awaited litigation claim judgement may now be received later than anticipated, so possibly beyond January 2018.
11. In relation to recommendation 2. Financial Pressures, the Director reiterated that the RMA were awaiting a response to the revised budget submitted to the

Sponsor Department; and that recommendation 3. Corporate Plan was now complete, with the updated Corporate Plan approved by the Board and submitted to Sponsor Department for laying before Parliament.

12. The Committee noted the progress update.

Best Value Report – Audit Committee Paper 282

13. The Director introduced the Best Value report and gave an overview of its structure across five generic and two cross-cutting themes – the five generic themes being: Vision & Leadership; Effective Partnerships; Governance & Accountability; Use of Resources; and Performance Management. The cross-cutting themes concerning Equality and Sustainability. The Committee were content that the report provided the necessary compliance with Best Value requirements. The Committee also noted that they would welcome any additional considerations on Best Value by Internal Audit, to assist in the delivery of future reports.

14. The Committee noted the Best Value report.

Committee Calendar 2018-19 - Audit Committee Paper 283

15. The Committee noted the plan for the forthcoming year, highlighting key actions such as the review of the Annual Report & Accounts on the 18th of June, provision of assurance reports in March, and that the review date for the Internal Audit plan had now been brought forward.

Internal Audit Plan Terms of Reference 2017-18 - Audit Committee Paper 284

16. Ms Hall provided an update on the two items of work taken forward, advising that the review of the AIR process commenced on the 4th of December, with the report scheduled for the 31st of January; and that the review of certificate of assurance processes will commence on the 23rd of January, leading to a final report on the 9th of March.

17. The Committee noted the Risk Management Strategy.

External Audit Plan - Audit Committee Paper 285

18. Ms Barrowman presented the External Audit Plan to the committee, which identified four risk areas:

- 18.1. Risk of management override of controls, which is standard in all audit plans;
- 18.2. Accounting for litigation claim, which is an on-going risk to the financial statements;
- 18.3. The wider risk of Financial sustainability, which will be informed by the sponsor department's response to the revised baseline budget submitted; and
- 18.4. The wider risk of Information and cyber security, noting that these are contained in the action plan and risk register.

19. The Committee were advised of the agreed timetable for audit outputs and that the audit fee was provided in a separate paper.

20. Ms Barrowman drew the Committee's attention to paragraph 21 concerning the scope of the audit, advising that the Code of Audit Practice includes provisions relating to the audit of small bodies. Audit Scotland consider the RMA to be a small audited body, and as such future audits will be based upon those provisions, covering financial statements and financial sustainability, but with no assurance provided on best value or wider governance aspects.

21. The Committee noted the external audit plan.

External Audit Fee 2017-18 – Audit Committee Paper 286

22. The Committee were advised of the fee for the 2017-18 audit.

AOCB

23. There was no other competent business.

Date of next Meeting: 19 March 2018.