

**Risk Management Authority**  
**AUDIT COMMITTEE MEETING**  
**19 September 2016, RMA, Paisley**

**MINUTES**

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**Present:**

Mr Stephen Swan, Chair  
Prof. Hazel Kemshall, Board Member

**In attendance:**

Ms Yvonne Gailey, Chief Executive  
Mr Paul Keoghan, Director of Business Performance  
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit  
Mr Gary Gibb, Internal Auditor, Scottish Government Internal Audit

**Apologies:**

Mr Chris Hawkes, Board Member  
Miss Elaine Barrowman, External Auditor, Audit Scotland

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**1. Introductions**

1.1. The Chair called the meeting to order and welcomed those in attendance.

**2. Apologies**

2.1. The Chair noted apologies for Mr Chris Hawkes and Ms Elaine Barrowman.

**3. Declarations of Interest**

3.1. The Chair enquired if Committee Members wished to record any declarations of interest.

3.2. The Chair noted no declarations of interest required to be recorded.

**4. Minutes of meeting on 20 June 2016**

4.1. The Committee reviewed and approved the minutes of the meeting held 20 June 2016.

**5. Matters Arising**

5.1. There were no matters arising noted.

## **6. Corporate Risk Register Review – Audit Committee Paper 247**

6.1. The Director of Business Performance introduced the Corporate Risk Register Review to the Committee advising that there are 11 active risks, 3 residual risks, 0 high risks, 6 medium risks and 5 low risks. The Director reported on the following risks:

- Risk O2 – The risk that the RMA’s resources are inadequate to deal with workload – the risk likelihood score remains unchanged at 3 and the impact score has escalated from 3 to 4. The RMA has received approval from the Sponsor Department to utilise the reserves that have accumulated. The RMA made a proposal to extend the staffing resources for those on fix term contracts through to 2018.
- Risk E4 – the risk of business interruption due to business failures or natural events – The RMA plans to upgrade PC’s which are out of date with laptops, which will enhance contingency planning arrangements. This has been included in the budget and submitted to the Scottish Government for approval, once the budget is approved the Director of Business Performance will move forward with this plan.
- Risk O3 – The RMA RMP approval and monitoring systems not sufficiently robust – the OLR Case Management system is still non-operational. Over the last few months the RMA have been sourcing alternative solutions
- Risk F2 – Inadequate budgetary provision and/or wrong allocation of resources within overall budget – The Director reported that in the short term the RMA is confident the risk is being managed effectively with quarter 1 financial forecast indicating the RMA is operating within budget. The Director emphasised it was the longer term financial prospects which were of greater concern and a 5 year financial plan would be developed to quantify the shape of this risk which would be available by December.

6.2. The Committee noted the contents of the Corporate Risk Register Review.

## **7. In-depth review of risk item F2 – Audit Committee Paper 248**

7.1. The Director presented the paper to the Committee and advised members the Board were being provided with a report on future funding and resource implications which will alert them to the risk posed.

7.2. The Committee noted the contents of the In-depth review of risk item F2.

## **8. Internal Audit Recommendations (Progress Report) – Audit Committee Paper 249**

8.1. The Director reported that Internal Audit made 3 recommendations which were accepted by management. All recommendations were rated as low priority. The current status of actions relating to the recommendations are detailed in Appendix 1, in summary the status is:

Recommendation 1 – Scheduled for implementation Oct 2016  
Recommendation 2 – Due to commence Oct 2016  
Recommendation 3 – Scheduled for implementation Jan 2017

8.2. The Committee noted the contents of the Internal Audit Recommendations progress report.

## **9. External Audit Actions (progress report) – Audit Committee Paper 250**

9.1. The Director of Business Performance introduced the External Audit Actions progress report to the Committee advising them of the following updates:

- Issue 1 – The RMA proposes to delay the start of the Audit fieldwork until later in the year. This will be discussed at the next meeting between the RMA and the External Auditors and a planning paper will be submitted to the Committee at the December 2016 meeting.
- Issue 2 – The Director reported no further action was required as the MFMC project was concluded in 2015-16.
- Issue 3 – The Sponsor Department agreed EPPICS funding should be transferred to the RMA's general reserve.
- Issue 4 – The Director reported that this issue is out with the RMA's control and therefore no action required.
- Issue 5 – The Director reported that Scottish Government have approved the RMA's reserve be utilised to retain the fixed term members of staff. This matter is now considered closed.

9.2. The Committee noted the contents of the External Audit progress report.

## **10. Fraud Policy<sup>15</sup> – Audit Committee Paper 251**

10.1. The Director presented the Fraud Policy to the Committee and advised members the policy was reviewed by the Board in June 2016 and no changes were proposed.

10.2. The Committee reviewed the Fraud Policy and agreed no changes were required.

## **11. Audit Committee Membership and Terms of Reference – Audit Committee Paper 252**

11.1. The Director submitted the Audit Committee Membership and Terms of Reference to the Committee for review.

11.2. The Committee noted the contents of the Audit Committee Membership and Terms of Reference and agreed no changes were necessary.

## **12. Committee Members CPD – Audit Committee Paper 253**

- 12.1. The Director advised members of an upcoming course on ‘Effective Audit Committee’ for the member’s information.
- 12.2. The Internal Auditor suggested the RMA may also wish to contact the Scottish Government Audit Committee to see if the RMA can utilise the training courses they have available.
- 12.3. The Committee noted the contents of the course and agreed to submit a training request to the Director if interested.

## **13. AOCB**

- 13.1. Internal Audit advised the Committee that a strategic review of Internal Audit is currently underway and the Committee will be advised of developments.