

**Risk Management Authority**  
**AUDIT COMMITTEE MEETING**  
**20 March 2017, RMA, Paisley**

**MINUTES**

---

**Present:**

Mr Stephen Swan, Chair  
Mr Chris Hawkes, Board Member

**In attendance:**

Ms Yvonne Gailey, Chief Executive  
Mr Paul Keoghan, Director of Business Performance  
Mr Gary Gibb, Internal Auditor, Scottish Government Internal Audit  
Mr Adrian Kolodziej, External Audit, Audit Scotland

**Apologies:**

Prof. Hazel Kemshall, Board Member  
Miss Elaine Barrowman, External Auditor, Audit Scotland  
Ms Louise Dodds

---

**1. Introductions**

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

**2. Apologies**

2.1. The Chair noted apologies from Prof. Kemshall, Miss Barrowman and Ms Dodds.

2.2. The Chair reiterated that as Prof. Kemshall was fulfilling the role of Interim Convener, it had been agreed that her membership to the Committee be suspended (in order that the committee remains compliant with section 2.4 of its terms of reference which prevents the RMA Convener from being a member of the Audit Committee).

**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.

**4. Minutes of meeting on 19 December 2016**

- 4.1. The Committee reviewed and approved the minutes of the meeting held 19 December 2016.

## **5. Matters Arising**

- 5.1. There were no matters arising noted.

## **6. Corporate Risk Register Review – Audit Committee Paper 260**

- 6.1. The Director of Business Performance introduced the Corporate Risk Register review and drew the Committee's attention to the addition of a new risk that takes account of the current legal case against the RMA.
- 6.2. The Committee were advised that the RMA have taken legal advice and are defending the action, with the next court hearing scheduled for the end of March. A settlement agreement had been put forward by the complainer, however this has been rejected by the RMA. Legal counsel have entered a request for a legal debate, therefore it could be August 2017 before the direction of the case becomes clearer.
- 6.3. Indicative legal costs of £20,000 have been estimated and liabilities will be noted within the RMA's Annual Report & Accounts 2016/17. The Committee were also advised that the RMA has made contact with the Sponsor Department to seek advice on actions of this nature against public bodies.
- 6.4. The Committee acknowledged that litigation is difficult to plan for, as it is not possible to stop it happening, and suggested that it may be worthwhile for Internal Audit to consider the associated risks, options available and the management of costs.
- 6.5. It was agreed that this issue may require a future Board discussion to consider how far the remit of the RMA extends and where responsibilities lie under legislation; to better understand those liabilities and the resources the RMA has available to meet those liabilities.
- 6.6. The Director advised that no new risk has been created regarding the depletion of Board members, as this is adequately covered within the existing Risk 02 regarding workload; and that all other risks remain unchanged.
- 6.7. The Committee noted the contents of the Corporate Risk Register Review.

## **7. Committee Calendar – Audit Committee Paper 261**

- 7.1. The Director of Business Performance introduced this paper and advised the Committee of an amendment to the calendar, noting that the meeting scheduled for June 2017 would now be held in July 2017.
- 7.2. The Committee noted the calendar.

## **8. Annual Audit Plan 2016-17 – Audit Committee Paper 262**

- 8.1. The audit plan was presented to the Committee, which identified the key risks to the RMA. The Committee were advised that exhibit 1 noted the risks that could impact upon external audit, with risk 1 relating to the legal claim for damages discussed earlier.
- 8.2. The Committee were advised that the plan also outlined the auditor responsibilities, timetables, reports schedule and the wider dimensions of the audit.
- 8.3. The Committee noted the contents of the audit plan.

## **9. Audit Committee Paper 263.**

- 9.1. The Director advised the Committee that certificates of assurance were currently being collated as part of the end of year processes. These have been broken down into Corporate Services, the OLR, and Policy & Research. These certificates will be provided to the Committee at the next Committee meeting.

## **10. Internal Audit Recommendations Progress Report – Audit Committee Paper 266**

- 10.1. The Committee were given an update on the recommendations provided by Internal Audit. It was highlighted that a time and motion study for OLR processes is currently underway and that desktop instructions/process maps are being developed for Delivery Team staff. The Committee noted that these items may also assist new Board members and could therefore be provided as part of the induction process. Testing will be incorporated into the development of these instructions to inform sustainability and identify any changes to future OLR casework processes.
- 10.2. The Committee noted the contents of the Progress Report.

## **11. Internal Audit Progress Report – Audit Committee Paper 267**

- 11.1. The Internal Auditor advised the Committee that audit reporting was on track, that the Board and Committee Structures review report was at the draft stage; and that annual assurance was on track.
- 11.2. It was highlighted that the audit planning programme for 2017/18 will commence shortly, which will be tabled at the next meeting.
- 11.3. The Scottish Government Internal Audit Strategy 2017 – 2020 was provided to the Committee for information.
- 11.4. The Committee noted the contents of the Internal Audit Progress Report.

## **12. AOCB**

12.1. There was no other competent business.

**13. Date of next Meeting:** July 2017