

MINUTES: AUDIT & ASSURANCE COMMITTEE MEETING
27 June 2022, The RMA Office

Present

Mr Stephen McAllister (Chair), Mr Jim Farish, Ms Jane Davey, Mr Terry Powell

In Attendance

Mr Mark McSherry (Chief Executive), Mr Paul Keoghan (Director Corporate Services), Ms Lucy Jackman (Governance Officer), Mr Denis Songoro (Finance Administrator), Jim Montgomery (Scottish Government Internal Audit), Jim Rundell (External Audit, Audit Scotland)

Welcome

1. The Chair called the meeting to order at 9:00 am and welcomed all present.

Apologies

2. The Chair noted an apology from Gary Gibb (Scottish Government Internal Audit)

Declarations of Interest

3. The Chair called for any declaration of interest and noted none were declared.

Approval of Previous Minutes

4. The Committee reviewed and approved the minutes of the meeting held on 14th February 2022.

Matters Arising

5. There were no matters arising.

Agenda Items

6. Chief Executive Update – Audit Committee Paper 444

- 6.1. The Chief Executive provided a verbal update informing the Committee of issues arising from the justice landscape, internal and external challenges emerging for the RMA.
- 6.2. The Chief Executive informed the Committee Scottish Government published its spending review and a paper will be presented to the June Board discussing implications for the RMA..
- 6.3. The Chief Executive also informed the Committee the LSCMI review was ongoing and an interim report is scheduled for end of August.

6.4. The Committee were advised the RMA is currently implementing a three month trial of hybrid working and will review findings from the trial with PCS.

6.5. The Committee noted the Chief Executive update report.

7. External Audit – Appointment of External Auditor – Audit Committee Paper 445

7.1. The Director Corporate Services presented the paper on the appointment of external auditor. The director informed members the Auditor General and Accounts Commission approved the appointment of Audit Scotland as auditor for the RMA from 2022/23 to 2026/27

7.2. The Committee noted the report on the appointment of External Auditor.

8. External Audit – External Auditor Annual Audit Plan 2021/22 – Audit Committee Paper 446

8.1. Mr Rundell presented the paper and informed the Committee the annual audit plan outlines Audit Scotland's approach to the annual audit and areas of audit activity.

8.2. The Committee were informed the audit plan contains a timetable with a plan of completing the audit by the 24 October 2022.

8.3. The Committee noted the report on External Auditor Annual Audit Plan 2021/22

9. Internal Audit – Internal Audit Report – Community Readiness for OLR – Audit Committee Paper 447

9.1. The Director Corporate Services presented the paper on the findings of review conducted on RMA community readiness for Order for Lifelong Restriction (OLR).

9.2. The Committee were informed the scope of the review was to evaluate controls in place to manage risks in arrangements for community readiness for OLRs which included engagement with Local Authorities.

9.3. The Committee were advised the review identified one medium and two low priority recommendations which have been accepted by management and the report provided a reasonable assurance.

9.4. The Committee noted the Internal Audit report on community readiness for OLR.

10. Internal Audit – Follow Up Report on Stakeholder Engagement & Communications – Audit Committee Paper 448

10.1. Mr. Montgomery presented the paper and updated the Committee on the recommendations from the 2020-21 review on stakeholder engagement and communications within the RMA.

10.2. The Committee were informed that six recommendations were made which were accepted by management.

10.3. The Committee were advised that one recommendation has been partially

implemented and one other recommendation made is yet to be fully implemented.

10.4. The Committee noted the follow up report on stakeholder engagement & communications.

11. Internal Audit – Annual Assurance Report – Audit Committee Paper 449

11.1. Mr Montgomery presented the paper and informed the Committee the assurance opinion for 2021-22 is Reasonable. Mr Montgomery informed the committee the opinion is derived from a number of factors including:

- i. The assurance review work undertaken as part of the internal audit plan.
- ii. Follow up activity and interaction with RMA management.
- iii. Improvement requirements to corporate risk register
- iv. Observation and attendance at Audit and Assurance Committee meetings evidence a need for the Committee to increase their role in challenge and scrutiny of papers presented in order to fully contribute to effective governance arrangements.

11.2. The Committee noted the annual assurance report presented by Internal Audit.

12. Internal Audit – Audit and Assurance Committee Progress Report – Audit Committee Paper 450

12.1. Mr Montgomery presented the paper on internal audit plan and progress report for 2022-23 assignments.

12.2. The Committee were informed that planning will commence in 2nd quarter for the review of governance arrangements which is scheduled to take place in the 3rd quarter of the year.

12.3. The Committee noted the Audit & Assurance Committee Progress Report.

13. Internal Audit – Internal Audit Charter – Audit Committee Paper 451

13.1. Mr Montgomery presented the internal audit charter report for 2022-23 highlighting that Internal Audit Standards (IAS) require the charter be presented annually.

13.2. The Committee were informed internal audit charter defines and sets out the purpose; mission; authority; independence ; objectivity, scope of internal audit activities; responsibility; quality assurance and improvement programme.

13.3. The Committee noted the internal audit charter report.

14. Internal Audit – Internal Audit Strategy – Audit Committee Paper 452

14.1. Mr Montgomery presented the paper which sets out the vision, purpose, mandate, audit approach, wider stakeholder engagement and quality assurance that Directorate of Internal Audit and Assurance have.

14.2. The Committee were informed that Internal Audit carried out a number of reviews to provide assurance over governance and risk controls in Scottish Government Covid-19 response.

14.3. The Committee noted the internal audit strategy report.

15. Review of Internal Audit Recommendation – Audit Committee Paper 453

15.1. The Director Corporate Services presented the paper and gave updates to the Committee on the implementation of recommendations resulting from fieldwork conducted by internal audit.

15.2. The Committee were informed that the 2020-21 review focused on stakeholder engagement within RMA. This review has one outstanding recommendation which is scheduled for completion in Q2.

Action: GO

15.3. The Committee were made aware that the 2021-22 fieldwork reviewed the RMA community readiness for Order for Lifelong restrictions. The review identified one medium and two low recommendations which were accepted by management. The Committee were informed that agreed actions relating to all three recommendations have been completed,

15.4. The Committee noted the update report on internal audit recommendations report.

16. Review of External Audit Recommendation – Audit Committee Paper 454

16.1. The Director Corporate Services presented the paper and updated the Committee on progress to recommendations contained in the External Auditor's annual report for 2020-21

16.2. The Committee were informed the report identified one recommendation for management consideration which was to bring forward the next review of business continuity planning. The DCS informed members a review is currently under way and expected to be completed by Q2, .

Action : GO

16.3. The Committee noted the update report on external audit recommendations report.

17. Corporate Risk Register – Audit Committee Paper 455

The Governance Officer presented the Corporate Risk Register and informed the Committee risk workshops were held with department heads which resulted in a comprehensive review of the corporate risk register has been conducted.

17.1. The Committee were informed the register has been redesigned and split into four sections which include the following:

- i. Treat – the live register containing risks being actively managed
- ii. Tolerate – all proposed control measures are in place and there are no actions outstanding
- iii. Terminate – this element of the register includes risks which have been removed
- iv. Transfer these are risks that were initially owned by RMA, then transferred to another body to manage.

17.2. The Committee were advised that following the review the risk register now identifies eight risks which were allocated to four risk category areas as noted below:

- i. OLR Processes – The risk of failure of OLR processes will result in operational difficulties. (1 High risk and 2 Medium risks)
- ii. Financial – The possibility that the RMA’s cash flow will prove inadequate to fulfil its functions. (1 Very High risk)
- iii. Business Continuity – Planning to ensure the RMA will have capacity to operate during emergency events. (2 High risks)
- iv. Reputation – How the public, stakeholders and employees view the business. (1 High risk and 1 Medium risk)

17.3. The Committee were informed the review of the risk register uncovered the need to develop an issues register for known risks. These issues will be reported at board level.

Action: GO

17.4. The Committee were advised that as part of the risk register review the Corporate Risk Strategy will be revised with particular focus on the likelihood and consequence scoring matrix.

Action GO

17.5. The Committee noted the Corporate Risk Register.

18. Calendar of Audit Committee Meetings – Audit Committee Paper 456

18.1. The Director Corporate Services presented the paper and informed members of revisions to the committee meeting calendar following the rescheduling of the external audit.

18.2. The Committee noted the calendar of Audit & Assurance Committee meetings for 2022-23

AOCB

19. The Chair informed the Committee that he will be unable to attend the next meeting and agreed Mr Jim Farish will Chair the meeting in his absence.

20. There being no other business the Chair thanked all in attendance for their contribution and called the meeting to a close at 10:30.

Date of Next Meeting

21. The Committee noted the date of the next meeting will be 15 August 2022.