

Risk Management Authority
AUDIT COMMITTEE MEETING
16 March 2015, RMA, Paisley
MINUTES

Present:

Dr. Anne Macdonald, Chair
Mr Stephen Swan, Board Member
Mr Chris Hawkes, Board Member

In attendance:

Mr Paul Keoghan, Director of Business Performance
Ms Yvonne Gailey, Chief Executive
Mr Asif Haseeb, External Auditor, Audit Scotland
Ms Alison Thomson, Internal Auditor, Scottish Government Internal Audit
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit

1. Introductions

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

2. Apologies

2.1. The Chair noted that no apologies required to be recorded.

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 15 December 2014

4.1. The Committee reviewed the minutes of the meeting held 15 December 2014 and agreed it was an accurate record of the meeting.

5. Matters Arising

5.1. In relation to paragraph 8.2 of the minute, the Director of Business Performance informed the Committee an MoU with ISIS had been agreed and was no longer considered a risk for the RMA.

Decision

6. Internal Audit Memorandum of Understanding – Audit Committee Paper 198

- 6.1. The Internal Auditor presented the proposed Memorandum of Understanding (MoU) to the Committee and informed members it covered a one year period ending 31 May 2016.
- 6.2. The Committee noted the contents of the MoU and agreed to approve.

7. Internal Audit Costs & Charging Agreement 2015-16 – Audit Committee Paper 199

- 7.1. The Internal Auditor presented the charging fees for 2015-16 noting the proposed fee of £6,095 was in line with the previous year and based upon 21 days audit work. The Internal Auditor further noted the number of days allocated for audit work was estimated and any change to this requirement would be discussed in advance with the RMA executive.
- 7.2. The Committee noted and approved the proposed audit fee for 2015-16.

Monitor

8. Internal Audit Recommendations – Progress Report – Audit Committee Paper 200

- 8.1. The Director of Business Performance presented the report regarding implementation of internal audit recommendations resulting from the 2013-14 audit. The Director informed Members “Recommendation 4” to develop a Memorandum of Understanding with Scottish Government Information Services and Information Systems Division (ISIS) had been concluded.
- 8.2. The Committee discussed “Recommendation 3” with reference to the establishment of a shared service agreement with SG payroll. The Director informed the Committee that SG payroll indicated the establishment of such an agreement would result in charges for the delivery of a payroll service which is current free of charge. The Director informed the Committee the audit recommendation arose following poor service delivery however since the period of the audit SG payroll performance has improved significantly with no issues of concern emerging over the last 12 months.
- 8.3. The Committee noted the contents of the progress report and discussed the merits of establishing a shared service agreement with SG Payroll. The Committee agreed that as service delivery from SG payroll was now at an acceptable standard the matter of establishing a shared services agreement was not required and did not require to be subject to further reporting.

9. Internal Audit Annual Report 2014-15 Audit Committee Paper 201

- 9.1. The Internal Auditor presented the annual internal audit report to the Committee. The Auditor reviewed the scope of the audit and informed

Members the assurance rating system used by internal audit had changed from a three level system of assurance, to four, and noted the definition for the assurance categories were provided under Annex 1 of the report. The Internal Auditor confirmed the RMA received substantial assurance in relation to the audit work for 2014-15.

- 9.2. The Committee were informed the report contained three low priority recommendations and the Auditor confirmed planned actions for all recommendations had been agreed with the executive team. The Internal Auditor proceeded to review each recommendation and related planned actions.
- 9.3. The Committee noted the contents of the report and expressed its thanks to the internal audit team for the work conducted in preparing the 2014-15 Audit Report.

10. Internal Audit Plan 2015-16 – Audit Committee Paper 202

- 10.1. The Internal Auditor presented the Internal Audit Plan for 2015-16 and informed the Committee the plan had been developed in consultation with the executive team. The Internal Auditor invited Members to review the auditable areas as identified in Annex A of the report and for Members to consider the appropriateness of the plan as outlined in Annex B.
- 10.2. The Committee noted the contents of the internal audit plan and expressed their satisfaction the auditable areas of the plan was widened to consider all critical functions of the RMA.

11. External Audit Recommendations – Progress Report - Audit Committee Paper 204

- 11.1. The Director of Business Performance presented the report regarding the implementation of management's response to key risk areas identified within the external auditor's annual report for 2013-14.
- 11.2. The Director informed the Committee a total of 5 recommendations were made in the external auditor's annual report. The Director reported four of the agreed actions were fully implemented with the remaining action, *Review Cash and Cash Equivalents balance with Sponsor Department*, expected to be completed in Q4.
- 11.3. The Committee noted the contents of the external audit implementation report.

12. Audit Committee Annual Performance Report – Audit Committee Paper 205

- 12.1. The Chair introduced the self-assessment framework to the Committee and advised Members the results of the process will be reported to the Board. The Chair proceeded to invite the Committee to comment on the Chair's report to the Board.
- 12.2. The Committee reviewed the Chair's report and noted the following:
 - a) Section 3 (d) change the word Approval to Consider

- b) Section 4 to incorporate Assurance Mapping as a priority for the forthcoming year
- c) Maintain risks under sections 6 & 7 but consider revision to wording
- d) Report improvements to both the distribution of minutes and engagement with Internal Audit under section 8.
- e) Report key items planned for next year as that contained within the Audit Committee Calendar.

12.3. The Chair noted the Committee comments and invited feedback on Schedule 1 of the performance report.

12.4. The Members reviewed Schedule 1 and noted the following:

- a) Under Internal Control, fourth question, the Committee requested it be noted that the introduction of Assurance Mapping in 2015-16 will facilitate the Committee receiving a Governance Statement in March 2016. For the last question in this section, the Committee agreed it received and considered reports from senior staff covering business areas.
- b) Under Internal Audit, second question, it was noted the word approve be changed to consider.
- c) Under External Audit, question 7, the committee asked it be noted this function is scheduled for Dec 2015.
- d) Administration, question 5, the committee requested word Moving be changed to Aim.
- e) Under overall, second question, the committee the plans to implement assurance mapping be noted.

12.5. The Chair welcomed the feedback from the Committee and thanked all Members for their contribution over the past year. The Chair agreed the recorded changes will be incorporated into the final submission to the Board.

13. AOCB

13.1. The Chair asked the Committee if there were any other items of business.

13.2. There being no other business the Chair informed the Committee the date of the next meeting would be 15 June 2015.

13.3. The Chair thanked those in attendance and closed the meeting.