

MINUTES: AUDIT & ASSURANCE COMMITTEE MEETING

13 February 2023, Virtual Meeting

Present

Mr Stephen McAllister (Chair)
Mr Jim Farish
Mr Terry Powell

In Attendance

Mr Mark McSherry, Chief Executive
Ms Julie McCullagh, Finance and Governance Officer
Mr Jim Montgomery, Scottish Government – Internal Audit
Ms Jennifer Law, Audit Scotland - External Audit

Welcome

1. The Chair called the meeting to order at 09:00 and welcomed all present. A short period of contemplation was taken in memoriam of Jane Davey, Board Member following her unexpected death earlier in the month. It was noted that condolences have been sent to her family.

Apologies

2. The Chair noted apologies submitted for Paul Keoghan, Director Corporate Services and Gary Gibb from 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 2 December 2022.

Matters Arising

5. It was noted that the Annual Accounts and Report 2021-22 was laid before Parliament within the required timescale. There were no other matters arising.

Items for Monitoring

6. Risk Management Strategy – Committee Paper 481

- 6.1. The Finance and Governance Officer presented the Risk Management Strategy to the Committee, highlighting the changes in the approach model and scoring system following a comprehensive review. Clarity was sought over the use of the term 'residual' risk which was explained as the target score following all available controls.
- 6.2. It was also noted that instead of a full report going the board, to prevent duplication of effort, only exceptional items would be referred to the board by the Audit and Assurance Committee.
- 6.3. The Committee noted the review and agreed it addressed previous concerns and the strategy was well illustrated and easy to understand.

7. Risk Appetite Presentation - Verbal

- 7.1. The Finance and Governance Officer gave a presentation on the new concept of Risk Appetite and advised how the new risk appetite statements were developed. The Committee noted these statements would evolve but asked that immediate focus be given to the Accreditation statement for clarity. The Committee also recommended a Board review of the risk appetite statements be arranged once new board members were established.
- 7.2. The Committee noted the verbal presentation on the Risk Appetite.

8. Corporate Risk Register – Committee Paper 482

- 8.1. The Finance and Governance Officer presented the Corporate Risk Register to members and highlighted there were no new risks, no risks moved between categories (Treat/Tolerate/Transfer/Terminate) and only one risk changed score category as a result of the change in scoring system.
- 8.2. The Committee noted the Corporate Risk Register and Terry Powell commended the work done by staff on the Community Engagement Programme.
- 8.3. It was agreed that a deep dive review be undertaken for the next committee meeting. This is to focus on the risk 'Failure to implement and IT based case management system'.

9. Internal Audit Report on review of Governance Arrangements – Committee Paper 491

- 9.1. Jim Montgomery updated the Committee on the Internal Audit Report on Review of Governance Arrangements 2022-3 and highlighted the imminent change in Director of Internal Audit and Assurance. The committee were also thanked for their time and input to the fieldwork.
- 9.2. It was highlighted the overall level was of 'Reasonable Assurance' which is a good report and reviewed the findings on existing good practice.

- 9.3. It was also noted the highest priority recommendation was corporate governance capacity. The Committee were advised the vacancies for Finance and Governance Officer and HR Manager had been filled which would address internal capacity. The Chief Executive also updated the Committee on limited options available to address this for the upcoming board appointments. Internal Audit were assured the committee would seek opportunities to improve this area as they could through the means available to them.
- 9.4. Internal Audit also advised the Committee that some recommendations were not accepted by the RMA. It was noted these were not significant and Internal Audit were content to acknowledge that RMA has accepted the risks in this regard.
- 9.5. The Committee noted the Internal Audit report.

10. Internal Audit Plan 2023-24 – Committee Paper 483

- 10.1. The Internal Auditor introduced the Internal Audit Plan 2023-24 to the Committee and advised the likely areas for review in the 2023-24 audit would concentrate on cyber security and the effect on the RMA of changes in the government policy on offender management. This would be confirmed nearer the time with a target of being completed during 2023-24 Q2/3.
- 10.2. Internal Audit advised a similar number of hours had been secured for the RMA as per last year and the estimated fee for this.
- 10.3. The Committee noted the contents of the Internal Audit Plan 2023-24.

11. High Level Audit Strategy – Committee Paper 484

- 11.1. Jennifer Law presented the High Level Audit Strategy to the Committee. It was confirmed that the audit fieldwork would return to its original time slot in May with a view to presenting at the June 2023 Audit Committee meeting. It was expected a full plan be circulated by the end of March 2023.
- 11.2. It was highlighted that the fee for Audit Scotland's work for 2022-23 had increased by around 30%. The committee were advised this was set centrally and the audit team had no influence on its level. However, it was noted the Director Corporate Services had been advised of the mechanism for raising concerns with Audit Scotland. The Chief Executive advised this cost provision was part of the Board Meeting Budget paper and would be raised with the Sponsor Finance Department.
- 11.3. The Committee noted the contents of the High Level Audit Strategy.

12. Internal Audit 2021-22 Recommendations Progress Report – Committee Paper 485

- 12.1. The Committee note the contents of the report on the progress of remaining recommendations in the Internal Audit 2021-22.

13. External Audit 2021-22 Recommendations Progress Report – Committee Paper 486

- 13.1. The Committee noted the update report on the progress of the remaining

recommendations of External Audit 2021-22.

Items for Approval

14. Committee Self-evaluation Report – Committee Paper 487

- 14.1. The Chair introduced the Self-evaluation Report and highlighted the pre-filled answers.
- 14.2. In regards to question 31, the Committee agreed the areas for improvement were
 - 14.2.1. The Committee should endeavour to meet with the internal auditor during fieldwork
 - 14.2.2. The minutes of the meeting could be shared with all committee members as soon as approved by the chair rather than wait until the agenda is published
- 14.3. The Committee approved the Self-evaluation Report.

15. Committee Terms of Reference and Member Composition – Committee Paper 488

- 15.1. The Chair introduced the Terms of Reference and Member Composition for the Committee and highlighted that changes would require to be made given the change of members. Given the imminent change in board membership, it was noted that Joe Judge has agreed to act as temporary member of the Audit & Assurance Committee while the new board members were inducted and membership of committee finalised.
- 15.2. The Committee noted the Committee Terms of Reference and Member Composition and deferred approval until membership is confirmed.

Items for Noting

16. Governance Statement – Committee Paper 489

- 16.1. The Finance and Governance Officer presented the Governance Statement to the Committee for noting and highlighted no changes had been made to the statement since the last comprehensive review for the 2021-22 Annual Report.
- 16.2. The Committee noted the content of the Governance Statement for inclusion in the 2022-23 Annual Report.

AOCB

17. It was noted this had been Terry Powell's final Committee meeting and the Chair took the opportunity to sincerely thank Terry for his counsel and the support the committee had received throughout his tenure.
18. There being no other business the Chair thanked all in attendance for their contribution

and called the meeting to a close at 10:36.

19. Date of Next Meeting

20. The Committee noted the date of the next meeting will be 19 June 2023.