

Risk Management Authority
AUDIT & ASSURANCE COMMITTEE MEETING

17 June 2019, RMA, Paisley

MINUTES

Present:

Mr Stephen Swan, Chair
Mr Terry Powell, Board Member
Mr Chris Hawkes, Board Member
Mr Stephen McAllister, Board Member

In attendance:

Ms Yvonne Gailey, Chief Executive
Mr Paul Keoghan, Director Corporate Services
Mr Denis Songoro, Finance Administrator
Mr Paul Foy, Governance & Communications Officer
Ms Mabel Hall, Internal Auditor, Scottish Government Internal Audit
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit
Ms Aimee MacDonald, External Audit, Audit Scotland
Mr Jim Rundell, External Audit, Audit Scotland

Apologies:

None

Introductions

1. The Chair called the meeting to order, welcoming those in attendance.

Apologies

2. There were no apologies submitted.

Declarations of Interest

3. There were no declarations of interest.

Minutes of meeting on 15 April 2019

4. The Committee reviewed and approved the minutes of the meeting held on the 15th of April 2019.

Matters Arising

1. There were no matters arising.

Internal Audit – External Quality Assessment Report for SG Internal Audit – Audit Committee Paper 337

1. Mr. Montgomery introduced the report and informed the Committee that every 5 years, Internal Audit commission an external agency to undertake an external quality assessment. The Chartered Institute of Internal Auditors undertook an external quality assessment of the SG Internal Audit Directorate against the Public Sector Internal Audit Standards. The outcome of the assessment was that Internal Audit have conformed with the standards.
2. The Committee was also advised that Audit Scotland also do an overview of Internal Audit every year and their report is due to be released imminently which confirmed that there are no significant areas of non-compliance with the standards.
3. The Committee noted external quality assessment report presented by Internal Audit.

Internal Audit – Annual Assurance Report for SG Corporate Areas - Audit Committee Paper 338

4. Ms Hall introduced the paper and advised the Committee that audit work was undertaken on the Scottish Government Corporate systems which have a reasonable assurance.
5. The Committee was advised that Internal Audit will put a focus on the business as usual audit areas, which will include key corporate systems used by Scottish Government in the upcoming audit.
6. The Committee noted the annual assurance report governing Scottish Government Corporate areas presented by Internal Audit.

Internal Audit – Annual Assurance Report - Audit Committee Paper 339

7. Ms Hall introduced the paper and advised the Committee that the audit 2018-19 audit covered two key business areas, which were Assurance Map and Research and Developments Reporting of Outcomes. The report contained two recommendations which have now been implemented.
8. The Committee was made aware that Internal Audit have provided a substantial assurance for 2018-19 audit work hence The RMA controls have been assessed to be robust and well managed.
9. The Committee noted the annual assurance report presented by Internal Audit.

RMA Annual Report and Accounts 2018-19 – Audit Committee Paper 340

10. The Director Corporate Services provided the Committee with an overview of the Annual Report and Accounts 2018-19. The Director outlined the content of the report which includes The Convener's foreword, Performance Report (which includes a concise summary, what we do, business plan performance, KPIs, financial summary,

public interest reports, payment performance, FOI, and future strategic developments); The Accountability Report (including a director's report, the statement of accountable officer responsibilities, governance statement, remuneration and staff report, and the independent auditor's report); and the Financial Statements.

11. The Committee was made aware that infographics had been used to make the report more accessible. The Committee were informed that elements of the performance report also utilised financial infographics providing further financial details on how funds were utilised.
12. The Director highlighted that the Convenor's foreword made note of the increase in number of OLR's being discharged into the community. It also noted that two new board members had joined the RMA and the Chief Executive's eminent retirement.
13. The Director drew the Committee's attention to Note 5, that the RMA has assets under construction valued at £45,000 which relates to the development of a Case Management System. The Director also highlighted that the RMA operated within the Grant In Aid fund of £1,074,000 with the organization utilizing £120,000 from reserves to supplement the GIA funding which is in line with arrangements agreed with the sponsor department.
14. The Committee were content with the annual report and accounts and welcomed the inclusion of financial infographics which highlighted the costs associated to the delivery of key objectives.

External Audit – Letter of Representation (ISA 580) & Proposed Audit Opinion – Audit Committee Paper 341

15. Mr. Rundell introduced the report and advised that it provided an opinion on the financial statements, which asserts that these provide a true and fair view in accordance with the relevant Acts; and that the financial statements were properly prepared in accordance with the relevant Acts. The report also outlines the accountable officer's responsibilities for the financial statements and the independent auditor's responsibilities for the audit of the financial statements.
16. The auditor's opinion on the regularity of expenditure and income confirms that expenditure and income were in line with the relevant legislation and guidance.
17. The report also outlines the auditor's opinion on matters prescribed by the Auditor General and on matters to report by exception, of which there was nothing to report.
18. The Committee noted the Letter of Representation and Proposed Audit Opinion.

External Audit – Annual Audit Report - Audit Committee Paper 342

19. Mr. Rundell introduced the Annual Audit Report and advised the Committee of the report's key messages, which were that the Risk Management Authority's financial statements gave a true and fair view of the state of the body's affairs; and that the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements.

20. Mr. Rundell informed the Committee that the auditor's opinion highlights that in terms of Financial Sustainability the short term position for the RMA is fine, but looking forward, there is a cumulative potential funding gap of £1 million over the next 5 years. The auditor noted this presented a risk that the RMA will be unable to deliver its services in the medium to longer term.
21. Mr. Rundell also drew the Committee's attention to the Best Value Report for the RMA and highlighted that the report represented best practice. Mr Rundell also stated that Audit Scotland intend to share the report with other external bodies as a template of good practice on how to develop a Best Value report.
22. The Committee noted the Annual Audit Report.

Approval of Annual Report & Accounts 2018-19 - Audit Committee Paper 343

23. The Chair noted this paper sought the Committees approval for the Annual Report and Accounts 2018-19.
24. The Committee being satisfied with the assurances provided by the Accountable Officer, Internal Auditor and External Auditor approved the Annual Report and Accounts for 2018-19.

Best Value Report 2017-18 - Audit Committee Paper 344

25. Mr. Foy introduced the paper and advised the Committee that Scottish Ministers expect Accountable Officers to comply with the duty of Best Value which is an auditable requirement.
26. The Committee was advised that the RMA has developed a self-evaluation system to monitor continuous improvement in the area of Best Value, which is structured around five generic areas which are (Vision & Leadership; Effective Partnership; Governance & Accountability; Use of Resources; and Performance Management) and two cross cutting themes are (Equality and Sustainability).
27. The Committee noted the Best Value Report 2017-18.

Corporate Risk Register - Audit Committee Paper 345

28. Mr. Foy introduced the paper and advised the Committee that since the last review in April 2019 there has been no movement in any of the risks.
29. The key update to bring to the committee's attention is that External Audit have issued their report which states that Budget forecasts highlight the RMA is facing a cumulative funding gap of approximately £1,060 million over the 2020/21 to 2024/25 period. There is a risk that the RMA will be unable to deliver its services in the medium to longer term. The RMA will identify active management plans to address this risk.
30. The Committee was informed that there has been a successful recruitment campaign for the Head of Risk Practice post, and plans are underway for the recruitment of a Risk Practice Lead (Delivery) due to commence mid-June 2019.

31. The Committee noted the Corporate Risk Register.

Progress Report – GDPR Internal Audit – Audit Committee Paper 346

32. Mr. Foy introduced the paper and advised the Committee that Internal Audit Department will conduct an audit which will focus on the RMA's Data protection/ GDPR systems and controls. The scope of the audit will be to assess the key controls of RMA for compliance with GDPR regulation which came into force on 25th May 2018.
33. The Committee was informed that terms of reference have been agreed upon and issued. The timetable has been set with field work starting on 27/05/2019 and the final report being issued on 27/09/2019.
34. The Committee noted the progress report on the internal audit of GDPR systems.

Progress Report – Internal Audit Recommendations - Audit Committee Paper 347

35. Ms Hall introduced the paper and gave an update to the Committee that Internal Audit conducted a review on research and development outcomes which had two low priority recommendations which have been accepted for implementation by the RMA.
36. The Committee noted the progress report on internal audit recommendations.

Date of Next Meeting

37. The Committee noted the date for next meeting is scheduled for 21 October 2019.
38. Mr Swan submitted his apologies for the October meeting and informed the Committee that Mr Hawkes as Vice Chair will take the Chair for the October meeting.

AOCB

39. The Chair asked if there was any other competent business.
40. There being no other business the Chair thanked all in attendance for their contributions and called the meeting to a close.