

**RISK MANAGEMENT AUTHORITY**  
**AUDIT & ASSURANCE COMMITTEE MEETING**

**16 August 2021, Video Conference**

**MINUTES**

**Present**

Mr Stephen McAllister, Chair  
Mr Stephen Swan, Board Member  
Mr Jim Farish, Board Member  
Ms Jane Davey, Board Member  
Mr Terry Powell, Board Member

**In Attendance**

Mr Paul Keoghan, Director Corporate Services  
Mr Mark McSherry, Chief Executive  
Mr Denis Songoro, Finance Administrator  
Ms Lucy Jackman, Governance Officer  
Ms Karen Wilkinson, Internal Auditor, Scottish Government Internal Audit  
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit  
Mr David Meechan, External Audit, Audit Scotland

**Welcome**

1. The Chair called the meeting to order at 9:30 am and welcomed all present.

**Apologies**

2. The Chair noted Julie Taylor submitted an apology.

**Declarations of Interest**

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

**Approval of Previous Minutes**

4. The Committee reviewed and approved the minutes of the meeting held on the 21st June 2021

**Matters Arising**

5. There were no matters arising.

6. **Internal Audit – Audit and Assurance Committee Progress Report – Audit & Assurance Committee Paper 416**
  - 6.1. Mr Montgomery introduced the paper and updated the Committee on the progress of assignments contained in the internal audit plan for 2020-21. Mr Montgomery confirmed assurance work on the project relating to Community Readiness for the Order for Lifelong Restriction is scheduled to start in October 2021.
  - 6.2. The Committee were informed a management letter was issued on the advisory work on New Ways of Working. The Committee was also updated the follow-up on internal audit for Stakeholder Engagement and Communications is planned for January 2022.
  - 6.3. The Committee noted the Internal Audit progress report.
7. **Internal Audit – Audit Scotland Overview of SG Internal Audit 2020-21 – Audit & Assurance Committee Paper 417**
  - 7.1. Mr Montgomery introduced the paper and informed the Committee the report related to Scottish Government annual review of the Directorate for Internal Audit & Assurance. Mr Montgomery highlighted the annual review focused on Internal Audit's approach, planning, governance, reporting, staffing, resources and quality assurance.
  - 7.2. The Committee was advised Internal Audit re-focussed the 2020-21 internal audit plan to support response to the Covid-19 pandemic. Mr Montgomery informed the Committee the plan focussed on enabling Internal Audit to provide targeted and timely advice and assurance on Covid-19 response arrangements.
  - 7.3. The Committee noted the annual review of the Directorate for Internal Audit & Assurance report conducted by Audit Scotland.
8. **Internal Audit – Annual Report on Internal Audit 2020-21 - Audit & Assurance Committee Paper 418**
  - 8.1. Mr Montgomery introduced the paper and informed the Committee the report reviews the performance of the Directorate for Internal Audit & Assurance over the last year.
  - 8.2. The Committee were advised the report includes all the key highlights for the year and the concept of continuous quality improvement is well embedded across all divisions.
  - 8.3. The Committee noted the annual report for the Directorate for Internal Audit & Assurance.

9. **Internal Audit – Annual Assurance Report SG Corporate Systems – Audit & Assurance Committee Paper 419**
- 9.1. Mr Montgomery introduced the paper and informed the Committee to note the Directorate for Internal Audit's Annual Assurance report for Scottish Government Corporate Systems.
- 9.2. The Committee were advised Internal Audit provided reasonable assurance of their annual audit of Scottish Government's corporate systems. Mr Montgomery advised the assurance rating is relevant to the Committee as the RMA utilises elements of Scottish Government corporate systems which include; IT network; Finance; and Payroll services. Mr Montgomery confirmed the assurance rating was factored into the overall assurance report provided to the RMA.
- 9.3. The Committee noted the Internal Audit Annual Assurance Report on SG Corporate Systems.
10. **Internal Audit – EY Thought Leadership considerations for DIAA - Audit & Assurance Committee Paper 420**
- 10.1. Mr Montgomery introduced the paper and updated the Committee that EY produced a publication which identified five priorities which Boards should focus on to drive short term and long term value for organisations. Mr Montgomery informed the Committee these included:
- i. Cybersecurity oversight – strengthening the role of the board
  - ii. Fraud detection and going concern – reinforcing confidence in corporate reporting
  - iii. Enterprise resilience – approaching recovery and reinvention
  - iv. Sustainability and non-financial reporting – responding to the impetus for change
  - v. Culture and societal change – acceleration organisational transformation.
- 10.2. The Committee noted the EY Thought leadership considerations for DIAA report.
11. **Progress Report – External Audit Recommendations – Audit & Assurance Committee Paper 421**
- 11.1. The Director Corporate Services introduced the paper and informed the Committee the External Auditor's report for 2020-21 identified one recommendation which was accepted by management. The Committee were advised the recommendation was to review the business continuity plan and noted this was scheduled to be completed by the 4<sup>th</sup> quarter of 2021-22.
- 11.2. The Committee noted the progress report on external audit recommendations.

12. **Progress Report – Internal Audit Recommendations – Audit & Assurance Committee Paper 422**

12.1. The Director Corporate Services introduced the paper and updated the Committee on the implementation of recommendations resulting from fieldwork conducted by Internal Audit, in the 2019-20 assignment on GDPR.

12.2. The Committee was informed one recommendation remained outstanding which related to the development of a data flow map. The Director advised the outstanding recommendation is scheduled for completion in the Q2/Q3.

12.3. The Committee were also updated on the recommendations from 2020-21 review of stakeholder engagement and communications. The Director confirmed Internal Audit's review included a proposal for four medium and two low priority recommendations. The Director confirmed all recommendations were accepted by management and planned for implementation over 2021-22.

12.4. The Committee noted the review of Internal Audit's recommendations report.

13. **Corporate Risk Register – Audit & Assurance Committee Paper 423**

13.1. The Director Corporate Services introduced the paper and advised the Committee the risk register contained a total of 28 risks, which include 13 Corporate risks and 15 Operational risks.

13.2. The Director informed the Committee one risk moved from medium to very high since the last review and provided an update on the issues surrounding this risk item.

13.3. The Committee recommended management consider the addition of Cyber Security as a separate risk.

**Action: DCS**

13.4. The Committee also recommended the Board review the Corporate Risk Register to ascertain risk appetite towards strategic risks.

**Action: DCS**

13.5. The Committee noted the Corporate Risk Register.

14. **Advisory on New Ways of Working – Audit & Assurance Committee Paper 424**

14.1. Mr Montgomery introduced the paper and informed the Committee that advisory work was undertaken to review new ways of working. Mr Montgomery advised the advisory work was completed and a management letter issued.

14.2. The Committee was advised the purpose of the advisory work was to examine homeworking practices across Scottish Government and other public and private bodies. The Committee was informed best practice was collated and utilised to review RMA draft procedures around homeworking. Mr Montgomery informed the Committee the report also noted proactive steps taken by the RMA in recognition of the possibility of reducing the working week.

14.3. The Committee noted the management letter on advisory on new ways of working.

## **AOCB**

15. The Chair asked if there was any other competent business.
16. The Chair noted Stephen Swan's retiral from the Committee and thanked him for his valuable service as a Committee Member.

## **Date of Next Meeting**

17. The Chair noted the date for the next Committee meeting is scheduled for 18 October 2021.
18. The Chair thanked everyone for attending and closed the meeting at 10:30am.