

Risk Management Authority
AUDIT & ASSURANCE COMMITTEE MEETING

18 February 2019, RMA, Paisley

MINUTES

Present:

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

In attendance:

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

Apologies:

Mr. Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit

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 19 November 2018

4. The Committee reviewed and approved the minutes of the meeting held on the 19th of November 2018.

Matters Arising

5. There were no matters arising.

External Audit Plan – Audit Committee Paper 321

6. Mr. Rundell introduced the paper and advised the committee that the proposed Annual Audit Report & Independent Auditors Report will be produced by the 3rd of June 2019 which will then be brought before the Audit Committee to be signed off.
7. The Committee was advised on Audit Scotland's approach to annual audit and the areas they will focus on. The Audit Plan clarifies responsibilities for preparation of the annual accounts and highlights key risks that will be considered as part of the audit process and the assurances that will be sort.
8. Mr Rundell also highlighted that as part of External Audit responsibility, Audit Scotland will produce more than one opinion i.e.
 - i. Opinion on Financial Statements including regularities
 - ii. Opinion on The Performance Report
 - iii. Opinion on The Governance Report
 - iv. Opinion on The Remuneration Report
9. The Committee was advised that External Audit are inviting comments and feedback as they are continuously looking to improve their processes and quality of work, hence they do welcome anything that could add value and improve their reporting going forward.
10. The Committee noted the External Audit Plan and thanked Mr Rundell for his presentation.

Review External Audit Recommendations-Audit Committee Paper 322

11. The Director Corporate Services introduced the paper and informed the Committee all external audit recommendations had been implemented. The Director also updated the committee on the litigation claim and informed members the pursuer failed to lodge an appeal and the RMA is currently pursuing for reimbursement of expenses.
12. The Committee noted the update report on external audit recommendations.

Review Internal Audit Recommendations– Audit Committee Paper 323

13. The Director Corporate Services introduced the paper and advised the Committee the final internal audit recommendation had been completed which related to the development of a Succession Plan for Board Members. The Director informed Members the plan was presented to the Board in November.
14. Ms Hall advised the Committee that Internal Audit are reviewing Board Succession Plans for various other agencies that they provide Internal Audit advice and upon completion of the review, they will make recommendations to the Sponsor Department in the Justice Ministry.

Internal Audit – Progress Report – Audit Committee Paper 329

15. Ms Hall introduced the paper and advised the Committee the annual plan for 2019-20 is being completed and the final audit report which covers Research and Development Reporting of Outcomes is currently being drafted.
16. Ms Hall advised the Committee that the challenge of inadequate staff resources within Internal Audit was being addressed with the recruitment plan for 9 vacancies.

Fraud Report – Audit Committee Paper 324

17. The Director Corporate Services introduced the paper and advised the Committee the RMA had no known instances of fraud to report for 2018-19.
18. The Committee noted the Fraud Report and requested a change in wording to the report from:

“NO INSTANCES OF KNOWN FRAUD” to “NO INSTANCES OF KNOWN OR SUSPECTED FRAUD”

19. The Committee also noted that on the Fraud Policy, the review date should be included to reflect the policy was reviewed.

Action: DCS

Draft Corporate Governance Report - Audit Committee Paper 325

20. The Director Corporate Services introduced the paper and advised that its part of the year end processes. The draft report is for information only at this stage but it will be brought to the Audit Committee as part of the year end accounts report in June 2019.
21. The Committee reviewed the contents of the draft corporate governance report and no amendments were proposed.

Corporate Risk Register - Audit Committee Paper 326

22. The Director Corporate Services introduced the corporate risk register and informed the Committee the RMA was currently tracking 24 risks. The Director presented the current risk status as: 1 Very High Risk; 9 High Risks; 10 Medium Risks and 4 Low Risks..
23. The Director reviewed the very high risk item (Changes to OLR demographic presents significant challenge to RMA processes and resources). Members were informed the RMA has established a working group which will review OLR transition to the community, assess the adequacy of current procedures, and review level support system available to include training provision and online support local authorities.

24. The Committee noted the contents of the risk register and questioned whether the RMA had considered the potential impacts from the outcome of Brexit. The Committee were advised the impact of Brexit had been reviewed and it was determined that Brexit did not pose a direct risk to the functions of the RMA. The review did determine however there could be a risk to funding for both the RMA and Lead Authorities and this position was being monitored.

Committee Self Evaluation Report - Audit Committee Paper 327

25. The Director Corporate Services introduced the Committee self-evaluation report.

26. The Committee reviewed and agreed the prepopulated items of the report.

27. The Committee reviewed Q31 which was not prepopulated. This item required the Committee to consider how it could improve current effectiveness. The Committee agreed the return for Q31 should note "*The Committee believes there is always scope for improvement and would look to support from auditors on areas of best practice*"

Action: DCS

Review Committee Terms of Reference & Member Composition - Audit Committee Paper 328

28. The Director Corporate Services introduced the paper and advised Committee the purpose of the paper was to provide members the opportunity to review the Committee's Terms of Reference and member composition.

29. The Committee noted the report and no changes were proposed.

30. The Committee further noted that two of the current members have appointments ending in 2021. The Committee agreed this item be brought to the attention of the Convener for consideration for succession planning.

Action: Chair

Date of next Meeting: 15 April 2019