

**Risk Management Authority**  
**AUDIT COMMITTEE MEETING**  
**18 June 2018, RMA, Paisley**

**MINUTES**

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**Present:**

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

**In attendance:**

Ms Yvonne Gailey, Chief Executive  
Mr Paul Keoghan, Director of Business Performance  
Mr Denis Songoro, Finance Administrator  
Ms Mabel Hall, Internal Auditor, Scottish Government Internal Audit  
Ms Elaine Barrowman, External Audit, Audit Scotland  
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit  
Ms Aimee MacDonald, External Audit, Audit Scotland

**Apologies:**

None

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**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 March 2018**

4. The Committee reviewed and approved the minutes of the meeting held on the 19<sup>th</sup> of March 2018.

**Matters Arising**

5. There were no matters arising.

### **Internal Audit Report – Certificates of Assurance 2017-18 – Audit Committee Paper 297**

6. Ms Hall introduced Internal Audit's report on their review of the RMA's Certificate of Assurance process. Ms Hall advised that a 'substantial' assurance had been provided, with processes found to be well managed. Staff were thanked for the quality of the feedback provided.

### **Internal Audit Report – Annual Assurance Report - Audit Committee Paper 298**

7. Ms Hall introduced the report and advised the Committee that 'substantial' assurance had been provided on risk management, control and governance arrangements, meaning that controls were "robust and well managed".
8. The Committee were content with the Internal Audit Reports.

### **RMA Annual Report and Accounts 2017-18 – Audit Committee Paper 299**

9. The Director of Business Performance provided the Committee with an overview of the Annual Report and Accounts 2017-18. The Director outlined the content of the report, which is devised into three sections: 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.
10. The Director drew the Committee's attention to Note 10. Provisions for liabilities and charges, advising that the provisions held for dilapidations of the previous St James House premises had now been concluded. The Director also highlighted that the report outlined the position regarding RMA's reserves - these were £402k at the start of the year and are now £238k. In line with the funding arrangements agreed with the Sponsor, the RMA will seek to draw down a further £200k from reserves in the current financial year.
11. The Director also highlighted Note 12 to the accounts which discussed contingent liabilities.
12. The Committee were content with the annual report and accounts. The Committee highlighted an error in the table on p.56 of the document; this was noted by staff, who confirmed it would be amended.

### **External Audit – Auditor's Report to those charged with governance (ISA 260) – Audit Committee Paper 300**

13. Ms Barrowman introduced the proposed Independent Auditor's Report (Report) and covering letter. She advised that the 'small audited bodies' approach had been applied, and that there were no unadjusted misstatements to be corrected. The covering letter includes representations from the accountable officer, which provides assurances on major estimates or assumptions.

14. Ms Barrowman advised that the report provides 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. Ms Barrowman advised that there was nothing to report in terms of 'other information in the annual report and accounts'.
15. 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.
16. 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.

#### **External Audit – Annual Audit Report - Audit Committee Paper 301**

17. Ms Barrowman 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. In the auditor's opinion, the RMA has adequate short, medium and long term financial plans.
18. Ms Barrowman drew the Committee's attention to the carried forward / continuing risks related to the current litigation claim against the RMA and concluded that the contingent liability recorded in the financial statements was appropriate. Ms Barrowman also highlighted the report's view of the RMA's cyber security arrangements, noting that good progress has been made in this area.
19. The Committee were content with the Independent Auditor's Report and Annual Audit Report.

#### **Approval of Annual Report & Accounts 2017-18 - Audit Committee Paper 302**

20. The Committee recommended the Annual Report and Accounts 2017-18 be approved by the Chief Executive.

#### **Revised Audit Committee Handbook - Audit Committee Paper 303**

21. The Committee noted the revised version of the Audit and Assurance Committee Handbook. In line with the revised handbook, Ms Hall requested that twice-yearly meetings be held with the Committee Chair, which was agreed. These arrangements will be put in place in due course.
22. The Committee had a general discussion on the merits of having an independent person sitting on the Audit Committee and noted that no current member had a specific financial background. It was felt that this was mitigated by the present small scale and straightforward nature of the RMA's accounts, but changes could be considered in the future if deemed necessary.

23. The Committee highlighted that the handbook's title was 'Audit and Assurance Committee Handbook' and discussed whether the Audit Committee should be re-titled to match this for consistency. Ms Hall reminded the Committee that plans were in place to undertake an assurance mapping exercise this year, which would assist the Committee in its consideration of whether the various internal and external sources of assurance were sufficient.
24. The Committee agreed the title of the Committee should be changed to the Audit and Assurance Committee and that this be brought before the Board for approval.

**Action Point: DBP**

#### **OLRs to the Community - Risk Analysis - Audit Committee Paper 304**

25. The Chief Executive presented the analysis on the transfer of OLRs to local authorities. The Chief Executive advised the Committee the report was prepared in response to concerns regarding the potential for a significant rise in the transfer of the OLRs to the Community. The Chief Executive noted the report concluded the transfer of OLR to local authorities is likely to proceed at a low rate for the medium term.
26. The Committee reviewed the 'OLRs and progress to the community – risk analysis' paper. The Committee commented on the helpful and timely nature of this paper, the useful evidence it provided; and the variables and parameters that were outlined. The Committee suggested the report include the identification of local authorities that could be potentially be affected by OLRs moving into the community on licence.
27. The Committee discussed the RMA's role in assisting local authorities, highlighting the RMA's statutory function to promote effective practice. Staff advised the RMA to date has delivered its Risk Practice Training course to over 500 staff in Criminal Justice Social Work. Staff explained this course provides practitioners with the requisite skills to prepare risk management plans for OLR offenders and that further support would be offered to local authorities on a case by case basis.

#### **AOCB**

28. The Committee noted the following internal audit papers: IAD Audit Charter; IAD 2020 Audit Strategy; and IAD Quarterly Bulletin.
29. Mr Hawkes submitted apologies for the next Audit Committee meeting.
30. There was no other competent business.

**Date of next Meeting:** September 2018.