

RISK MANAGEMENT AUTHORITY
AUDIT & ASSURANCE COMMITTEE MEETING

21 June 2021, Video Conference

MINUTES

Present

Mr Stephen McAllister, Chair
Mr Stephen Swan, 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 Julie Taylor, Internal Auditor, Scottish Government Internal Audit
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit
Mr David Meechan, External Audit, Audit Scotland
Mr Stephen O'Hagan, External Audit, Audit Scotland

Welcome

1. The Chair called the meeting to order and welcomed all present.

Apologies

2. The Chair noted no apologies were submitted.

Declarations of Interest

3. There were no declarations of interest.

Approval of Previous Minutes

4. The Committee reviewed and approved the minutes of the meeting held on the 15th February 2021

Matters Arising

5. There were no matters arising.

6. **Corporate Risk Register – Audit & Assurance Committee Paper 415**
- 6.1. The Director Corporate Services introduced the paper and updated the Committee on the current status of the corporate risk register. The risk register contains a total of 28 risks – 13 Corporate risk and 15 Operational risks.
- 6.2. The Director highlighted three new risks were added to the register and reviewed these items with the Committee. The Director also confirmed over the period since the last review one risk item had reduced and none of the existing risks had increased.
- 6.3. The Committee noted the Corporate Risk Register report.
7. **Internal Audit – Internal Audit Charter – Audit & Assurance Committee Paper 402**
- 7.1. Ms Taylor introduced the paper and informed the Committee the internal audit charter defines and sets out key areas for Directorate for Internal Audit and Assurance, which include the following;
- i. The Purpose of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve client's operations.
 - ii. The standards for the professional practice of internal audit.
 - iii. The authority of Directorate for Internal Audit and Assurance.
 - iv. The Directorate of Internal Audit and Assurance will ensure that Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner.
 - v. The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management and outside parties on the adequacy and effectiveness of governance, risk management and control processes.
 - vi. The Charter outlines the responsibility that the Director of Internal Audit and Assurance has.
 - vii. Internal Audit will maintain a quality assurance and improvement programme that covers aspects of Internal Audit.
- 7.2. The Committee noted the Internal Audit Charter report presented by Internal Audit.
8. **Internal Audit – Internal Audit Strategy – Audit & Assurance Committee Paper 403**
- 8.1. Ms Taylor introduced the paper and informed the Committee the Directorate for Internal Audit and Assurance strategy report sets out their vision, purpose,

mandate, audit approach, wider stakeholder engagement and quality assurance.

- 8.2. The Committee was advised Internal Audit continues to develop capability and raise its profile to be more prominent and to be adequately resourced to respond confidently to challenges.
- 8.3. The Committee was informed Internal audit carried out a number of strategic reviews which provided assurance over governance and risk controls. Advisory work was conducted on processes and controls which had been developed at pace, or had been revised to accommodate the organisational response to Covid-19.
- 8.4. The Committee noted the internal audit strategy report presented by Internal Audit.

9. **Internal Audit – Scottish Government Risk Management Guide - Audit & Assurance Committee Paper 406**

- 9.1. Ms Taylor introduced the paper and informed the Committee to note the report that outlines The Scottish Government guide to risk management.
- 9.2. The Committee was advised guidance covers all stages of risk management from planning to reporting and communications. This is a defined framework which outlines good practice on how to clarify your objectives, identify, assess, address, review, report and communicate your risks.
- 9.3. The Committee noted the report on Scottish Government Risk Management Guide.

10. **Internal Audit – Stakeholder Engagement and Communications Report – Audit & Assurance Committee Paper 405**

- 10.1. Ms Taylor introduced the paper and informed the Committee Internal Audit conducted a review which focused on stakeholder engagement and communications within RMA which included development of the communications strategy, stakeholder identification, monitoring and reporting.
- 10.2. The Committee was advised the review identified six recommendations which included the following;
 - i. That the RMA should fully explore and document mechanisms for stakeholder engagement and communications as part of the strategy development. The management accepted this recommendation.
 - ii. The final versions of the external communications strategy should include links to RMA's strategic aims and document how communications and engagement activity will help RMA achieve these aims. The RMA management accepted this recommendation.
 - iii. The RMA should develop an internal communications strategy to provide guidance to managers on minimum levels of communication and

engagement with staff, and mechanisms to support this. This recommendation was accepted by the management.

- iv. The RMA should review and update the privacy policy annually and record the date of review. This recommendation was accepted by the management.
- v. A lessons learned process should be agreed and documented to take forward actions resulting from complaints investigation. This recommendation has been accepted by the management.
- vi. The RMA should develop and agree corporate level KPIs and reporting requirements. The KPIs should be included in the Corporate Strategy, Business plan and reported on within the Annual Report.

10.3. The Committee noted the stakeholder engagement and communications report presented by Internal Audit.

11. Internal Audit – Audit and Assurance Committee Progress Report - Audit & Assurance Committee Paper 401

11.1. Ms Taylor introduced the paper and updated the Committee on the internal audit plan and progress report for 2020-21. The following updates were provided to the Committee;

- i. The assurance work on Community Readiness for Order for Lifelong Restrictions has not yet commenced. This work is now planned to start in October to December 2021.
- ii. The advisory work on New Ways of Working has commenced, and the fieldwork is currently underway.
- iii. The follow up on internal audit for Stakeholder Engagement and Communications is planned for January to March 2022

11.2. The Committee noted the Audit and Assurance Committee progress report presented by Internal Audit.

12. Internal Audit – Annual Assurance Report - Audit & Assurance Committee Paper 404

12.1. Ms Taylor introduced the paper and informed the Committee the Internal audit programme 2020-21 review focused on stakeholder engagement and communications within the RMA. This included development of communications strategy, stakeholder identification, monitoring and reporting.

12.2. The Committee was advised the RMA is in the process of developing its stakeholder engagement and communications processes and strategy.

12.3. The Committee was also made aware the 2019-20 audit work on GDPR had 4 recommendations, all of which have been fully implemented. There is also one low recommendation which is scheduled to be completed in the 2nd and 3rd quarter of the year.

- 12.4. The Committee noted the annual assurance report presented by Internal Audit.
13. **Review Internal Audit Recommendations – Audit & Assurance Committee Paper 413**
- 13.1. 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.
- 13.2. The Committee was informed was advised that the outstanding recommendation which was for the RMA to develop a data flow map, which will enable identification of interdependencies and ensure documents are aligned is scheduled for completion in the 2nd quarter of the year.
- 13.3. The Committee noted the review of internal audit recommendations report.
14. **Review External Audit Recommendations 2019-20 – Audit & Assurance Committee Paper 414**
- 14.1. The Director Corporate Services introduced the paper and updated the Committee on progress of the outstanding recommendation from the external auditor's report.
- 14.2. The Committee was advised the recommendation for the RMA to develop a five year forecast has been completed and was submitted to the Board and Sponsor Department in April 2021.
- 14.3. The Committee noted the review of external audit recommendations report.
15. **Annual Fraud Report – Audit & Assurance Committee Paper 407**
- 15.1. The Director Corporate Services introduced the paper and advised the Committee the RMA has an established Fraud Policy which is subject to annual review.
- 15.2. The Committee was informed there were no instances of identified or suspected fraud to be reported for the financial year 2020-21.
- 15.3. The Committee noted the Annual Fraud Report presented by the RMA.
16. **Annual Write Off Report – Audit & Assurance Committee Paper 408**
- 16.1. The Director Corporate Services introduced the paper and informed the Committee the organisation has an established Debt Management and Write Off Procedure.
- 16.2. The Committee was advised the RMA incurred no write offs for the financial year 2020-21.

16.3. The Committee noted the Annual Write Off Report which was presented by the RMA.

17. RMA Annual Report & Accounts 2020-21 – Audit & Assurance Committee Paper 409

17.1. The Director Corporate Services provided the Committee with an overview of the Annual Report & Accounts 2020-21. The Director outlined the content of the report which includes the Performance report, Accountability report and Financial Statements.

17.2. This Director informed the Committee that the Performance Report discusses key achievements within legislative functions covering OLR, Research and Policy. The report also reviews external engagement, staff development and financial performance. This are highlighted as below;

- i. The report presents case studies for key areas of work which include the internet offending model, Victim Engagement and the Accreditation Project.
- ii. The report discusses performance against KPIs and confirms all bar 2 KPIs were achieved. The Director highlighted the report noted the KPI to review 90% of AIRs within 6 weeks was actually 42%, also to note that the year commenced with a backlog which impacted performance. This backlog has now been cleared. The other failed target relates to not producing performance data for training, this was due to training not being delivered during the year due to Covid-19.
- iii. The performance report also contains financial summary which reports total expenditure of £1,639,000 against a budget of £1,745,000 resulting in a budget underspend of £106,000 . The underspend is attributed to savings in staff costs which is due to vacancies for newly created posts.
- iv. There is also a statement on the impact of Covid , which includes the impact of staff working from home; 20% of sick absence being attributed to Covid and the delivery of external training being suspended.
- v. The report contains future strategic developments which confirms that the strategic objectives are supported by 15 operational objectives.
- vi. The performance report presents a case study on UK Government Counter Terrorism and Sentencing Bill which is currently being considered by the UK Parliament. This case study discusses the implications the new bill may have on RMA functions.
- vii. The final element of the performance report discusses key risks and uncertainties facing the RMA and provides a profile of current risks being managed by the RMA.

17.3. The Director informed the Committee the Accountability Report reviews governance arrangements within the RMA, which is evidenced through a Director's Report; Statement of Accountable Officers responsibility; Governance Statement; Remuneration and Staff Report and the Independent Auditor's Report.

- 17.4. The Director highlighted the Financial Statements contained reports on income and expenditure; statement of financial position; statement of cash flows and supporting notes to the accounts.
- 17.5. The Director informed the Committee the income and expenditure statement reported net operating costs amounting to £1,581,000 and confirmed all costs were funded via grant in aid from Scottish Government.
- 17.6. The Director highlighted a provision for doubtful debts valued at £87,000. The Director explained the provision related to a court award for reimbursement of legal costs which the RMA expects is unlikely to be recovered.
- 17.7. The Committee noted the contents of the 2020-21 Annual Report & Accounts report.
18. **External Audit – Letter of Representation (ISA 580) & Proposed Audit Opinion – Audit & Assurance Committee Paper 410**
- 18.1. Mr. O'Hagan introduced the paper and informed the Committee the report provided and opinion on the Financial Statements, which asserts that it provides a true and fair in accordance with the relevant Acts and that the Financial Statements have been properly prepared in accordance with the relevant Acts.
- 18.2. Mr. O'Hagan informed the Committee that the report 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.
- 18.3. The Committee noted the Letter of Representation (ISA 580) and Proposed Audit Opinion.
19. **External Audit – Annual Audit Report – Audit & Assurance Committee Paper 411**
- 19.1. Mr. O'Hagan introduced the paper and informed the Committee that the Risk Management Authority's financial statements gave a true and fair view of the state of the organisations affairs; that the audited part of the remuneration and staff report, performance report and governance report were all consistent with the financial statements, and properly prepared in accordance with the relevant Acts.
- 19.2. The Committee was informed that the audit opinion on the annual accounts was unmodified, and that Covid-19 has not had any significant impact on the reliability of accounting records, or the quality of audit evidence available.
- 19.3. Mr. O'Hagan informed the Committee that on financial sustainability, the Covid-19 outbreak has not had a significant impact on the short-term finances of the RMA, however, the impact of this in medium/longer-term planning is still be evaluated.
- 19.4. The Committee noted the Annual Audit Report.

20. **Approval of Annual Report & Accounts 2020-21 – Audit & Assurance Committee Paper 412**

20.1. The Chair noted this paper sought the Committees approval for the Annual Report & Accounts 2020-21.

20.2. The Committee being satisfied with the assurances provided by the Accountable Officer, Internal Auditor and External Auditor approved the Annual Report & Accounts for 2020-21

Date of Next Meeting

21. The Committee noted the date for the next meeting 16 August 2021

AOCB

22. The Chair asked if there was any other competent business.

23. There being no other business the Chair thanked all in attendance for their contributions and called the meeting to a close.