

Meeting	Audit and Risk Committee
Date	18/09/2019
Time	10.00 – 13.00
Venue	Denholm House

Minute

Members

John Fyffe	NEBM (Chair)
David Gemmell	NEBM
Aileen Ponton	NEBM
James Wallace	Independent Member

Attendees

Euan Couperwhite	Interim Head of Finance and Infrastructure (item 11 & 12 only)
Patricia Dougan	Head of Digital Services (item 13 only)
Gayle Gorman	Chief Executive
Gillian Hamilton	Strategic Director (item 10 only)
Ray McCowan	NEBM (Observer)
Roz McCracken	Head of Governance
Michael Moynihan	Head of Information Security (item 13 only)
Alec O'Neill	Interim Registrar (item 11 only)
Audrey Parfinowska	Interim Head of Finance
Dougie Shepherd	Internal Audit
Brian Taylor	Strategic Director
Julie Taylor	Internal Audit
Lesley Whelan	Head of Professional Learning and Leadership (item 10 only)
Lesley Macaulay	Secretary

1. Welcome and apologies

1.1 The Chair welcomed everyone to the meeting and introduced the new NEBMs David Gemmell, Ray McCowan and Aileen Ponton, who had been appointed on 1 July 2019. The Chair confirmed that David and Aileen had been appointed to ARC and that Ray was observing as part of his induction. A welcome was also extended to Lesley Whelan who was attending for development purposes and to present the deep dive session with Gillian Hamilton. Apologies were noted from Audit Scotland.

1.2 The Chair referred the Committee to paper 1, the revised ARC Terms of Reference, and advised the Committee that he was proposing a reduction in the number of officials that were required to attend ARC meetings. It was proposed that with the exception of the Strategic Director for Corporate Services, the other Strategic Directors attend only one meeting per year (Q1) to coincide with the signing of the Annual Accounts. The SD for Corporate Services would still be required to attend every meeting and in addition, other SDs would attend if they had a substantial item on the agenda. It was also noted that the number of members required to make a meeting quorate had been increased back up to three.

1.3 The Committee agreed the terms of the revised TOR, a copy of which would be placed on the agency's website.

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1.4 The Chair reminded the Committee that the meeting would proceed on the basis that everyone had read the papers and that presenters were only required to provide updates.

2. Minute of meeting 24 June 2019, action log and matters arising

2.1 The Minute of 24 June 2019 was agreed with the following amendment at paragraph 9.1: - The word "additional" to be inserted as follows "it was noted that the additional updated figure was 50% more than the original budget figure..."

2.2 The outstanding actions ARC 030/18-19, ARC 064/18-19 and ARC 01- 03/19-20 were on the agenda so would be closed.

2.3 Only one action remained outstanding: -

- **ARC 059/18-19** – Assurance around the issue of Information Governance to be brought to ARC. It was noted that this was part of a broader piece of work around the Digital Team resources which would be addressed later in the year.

2.4 There was one matter arising: **ARC 064/18-19** – Planning group to consider future deep-dives at ARC. The Chair advised that the Planning Group had met on 19 August and had identified possible areas for future deep dives.

After discussion the Committee agreed the following deep dive schedule: -

Subject	Meeting
Budget – processes and engagement going forward in building the budget for 1920/21 and medium term projected spend. Lessons learned from the 2019/20 budget setting exercise.	18 December 2019
RICS – how were staff allocated? – capacity – flexibility for future deployment.	4 March 2020
CLPL – forward planning – OD requirements.	1 July 2020
Partnership working – relationship building – joint planning and delivery	September 2020

3. Declarations/Register of Interest

3.1 No declarations/registrations of interest were noted.

4. Internal Audit

4.1 Julie Taylor provided a brief summary of Internal Audit activity in Education Scotland (ES) since the last meeting. It was noted that (1) planning had commenced for the Organisational Development review and a draft TOR had been developed; (2) ES had requested advisory support around the Travel Management Process and an advisory report had since been issued to ES; and (3) follow up of the 2018/19 Procurement and Contract Management had commenced. Planning was underway for the Risk Management Review which would commence in January 2020.

5. External Audit

5.1 The Committee noted that no external audit work had taken place since the last ARC meeting. A planning meeting would be arranged before the year end to make arrangements for the 2019/20 audit of the ES Annual Accounts.

6. Audit recommendations update

6.1 Roz McCracken advised the Committee that the Governance Team had been considering how ES could tighten its internal processes to ensure that the ARC had a degree of comfort that audit recommendations were being progressed in a timely manner. While all finalised audit reports were currently tabled at ARC following each individual audit, ARC was currently unsighted on progress towards completion of the recommendations contained within.

6.2 An audit tracker had therefore been created which captured all outstanding recommendations. It was proposed that going forward the governance team would table, on an on-going, quarterly basis, an update on only those audit recommendations that were: late; ranked red or high by auditors at the time of the original report; or subject to change (i.e. changed due to a new approach agreed with auditors and/or revision to the original target date).

6.3 The Committee noted the progress against the recommendations and agreed that progress against high level or late recommendations should be tabled on a quarterly basis going forward. It was agreed that a column should be added showing when a date had slipped. An annual round-up statement should also be provided.

7. Finance

7.1 Audrey Parfinowska provided the Committee with an update on budget setting and financial management across the agency. All of the budgets, including staff costs, had been delegated to Directorates. The budgets reflected the expected budget transfers. The Strategic Directors had expressed concern over their ability to manage budgets within the limits allocated to them, mainly the deliverability of the 5% vacancy assumption reflected in the delegations. The budgets would be reviewed and revised following the Autumn Budget Revision.

7.2 Discussion had taken place with the Scottish Government to increase the agreed pressure relating to the increased remit. If this is confirmed then the agency would manage the remaining pressure to stay within the allocated budget.

7.3 The agency has been contributing to the Scottish Government's work on the Spending review, setting out the budget requirement for the next 4 years to 2023/24. It is not known yet if budgets would be set for the full spending review period or just for 2020/21.

7.4 The Committee noted its concern that they were six months into the financial year and were not being provided with sufficient information to assess the financial risks to the organisation going forward. No figures were available for scrutiny on a Directorate and program basis. The Chair stated that this was unacceptable and requested that full details be provided for the Advisory Board meeting on 3 October 2019. It was also suggested that

a Risk and Opportunities Log might be a useful report in the future to accompany the finance report.

Action ARC 04/19-20 – Finance to provide full and comprehensive details of the 2019/20 budget at the Advisory Board meeting on 3 October 2019.

8. Risk Management Strategy

8.1 The Committee was invited to provide formal comment on the risk strategy Managing Risk in Education Scotland that had recently been developed. Reference was made to the Audit Scotland comment that the document was probably one of the best for clarity of exposition.

8.2 It was noted that Annex A contained suggested questions that the Directorate Management Teams, Advisory Board and ARC could use when reviewing/evaluating the strategy. It was agreed that it would be useful to review the strategy plus the self-assessment board & committee questionnaires towards the end of each financial year as part of one of the Advisory Board Strategic meetings. James Wallace, Independent ARC member should be invited to attend the meeting

Deleted: once per year

Deleted: The questions provided at Annex A of the framework would be a useful steer in terms of review questions that the Board could use.

Action ARC 05/19-20 – The Secretary of Advisory Board (AB) to add an annual review of the agency's risk management strategy to the AB's TOR. James Wallace, Independent ARC member should be invited to attend the meeting.

9. ES Risk Register

9.1 Brian Taylor provided the Committee with the latest version of the ES Risk Register (formerly known as the Corporate Risk Register). The Committee noted that Risk 06/2018 and 010/2018 had been removed because the target risk scores had been achieved and that the descriptor had been amended and the impact and overall risk score for Risk 07/2018 – Effective Financial Management – had been increased to reflect the current financial pressure.

9.2 It was noted that the Directorates were in the process of developing individual risk registers (DRR) based on the agency's new structure and approach to risk. The DRRs would bring together risk information already in place through existing programme risk registers, ensuring that there was a comprehensive risk monitoring and reporting process.

9.3 The DRRs would be tabled at the December 2019 meeting to provide assurance on the escalation process and the reporting framework. It was agreed that the DRRs would be tabled at ARC on an annual basis unless there were specific areas of matters of concern that need to be raised. In such incidents the individual programme or project risk register should also accompany the DRR.

Action ARC 06/19-20: The Secretary to add an annual review of the Directorate Risk Registers to the ARC TOR.

10. Deep Dive Directorate Restructure (this was taken as the first agenda item)

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10.1 At the last ARC meeting the Committee had agreed that a deep dive into the format, structure and work objectives of one of the new directorates would be useful so Gillian Hamilton and Lesley Whelan attended to give an overview of the new Professional Learning and Leadership (PLL) Directorate. The presentation focussed on the structures that were in place to ensure that PLL staff were knowledgeable and up to date about all of the work that the directorate was taking forward as well as how they were being assured of the progress, management of risk and the impact and identification of aspects of work.

10.2 The important and vital role of the Directorate Business Partners in this process was acknowledged. A question was asked as to whether or not the scale of governance as devised was proportionate or was it too resource intensive. It was agreed that it was too early to tell.

10.3 The Committee thanked Gillian and Lesley for the comprehensive overview.

11. Business Continuity Plan

11.1 Euan Couperwhite and Alex O'Neill presented the draft Business Continuity Plan (BCP) which set out the procedures in place to ensure that ES was able to maintain its business critical operations in the event of an emergency situation. It was recognised that this was the first step in the process.

11.2 Following discussion and feedback, it was agreed that the completed draft BCP would be shared with ARC members by email for comment before being tabled at an LT meeting. Once finalised the BCP would be subject to an annual review as well as being tested annually, the results of which would be tabled at ARC.

Action ARC 07/19-20: The Secretary to add an annual review of the Business Continuity Plan to the ARC TOR.

12. Health, Safety and Sustainability Group – Quarterly update

12.1 The Committee reviewed the quarterly update and the updated activity plan. It noted that the recent Health & Safety and Sustainability (HS&S) meeting had concluded that wider ownership of health & safety and sustainability issues was required to improve the existing culture. A series of updates would commence shortly to improve staff knowledge and engagement with this topic.

12.2 It was reported that the North team from the Regional Directorate had agreed to act as the pilot group for lone working. Meetings had been agreed to take matters forward and to procure a suitable electronic system to be used in the pilot. The pilot would run for an academic session and would be evaluated at regular intervals in addition to the end of the pilot period.

13. Information Security

13.1 There were no major incidents noted during the last period. The planned Cloud application security software enhancements have been delayed for a month due to a positive consent requirement from the Glow customer base. The monitoring of access to

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the Glow environment from foreign countries has been increased. No suspicious activity had been recorded and the monitoring would continue over the coming months.

13.2 The Committee thanked Michael and Patricia for the update and confirmed that going forward, the Information Security paper should be referred for information only. There was no need for officials to attend unless there was a major incidents to report, or if ARC members pre-advised the Chair of any issues they wanted to discuss at the following ARC meeting.

14. AOB

14.1 There were no items to discuss.

15. Date of next meeting

15.1 The next meeting will take place at 1 pm on the 18 December 2019 within the Boardroom, Denholm House, Livingston. A pre-meeting between the NEBMs and Audit Scotland will take place from 12.15.

Lesley Macaulay
Governance Manager
19/09/2019