

Minutes

Audit Committee

Wednesday 2 March 2022, 10.30am
Microsoft Teams



Present:

C Crosby (Chair)
J Mann
W Moyes, Chair of the Accounts Commission

Apologies:

None

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
M Walker, Acting Director, Corporate Services Group
C Robertson (BDO)
J So, Alexander Sloan
D Jeffcoat, Alexander Sloan
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
D Robertson, Digital Services Manager
I Metcalfe, Corporate Performance Officer

1. Private meeting with BDO

A private meeting was held with Audit Committee members and internal auditors, BDO.

2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and invited all present to introduce themselves. The Chair welcomed William Moyes, Chair of the Accounts Commission, noting it was his first attendance at the Audit Committee meeting.

The Chair noted that there were no issues arising from the private meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 10 November 2021

The Audit Committee members reviewed the minutes of the meeting of 10 November 2021, copies of which had previously been circulated.

The Audit Committee approved the minutes of the previous meeting.

5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had previously been circulated.

Gayle Fitzpatrick, Corporate Governance Manager, advised there was nothing further to add and invited questions from the members.

The Audit Committee members noted the need for a 'deep dive' into our approach to cyber security and across all digital systems. This would also include a forward look on our approach to Digital Auditing.

The members noted the Board would welcome the early headlines from the Audit Quality Interim Report and Audit Quality Framework update report which is due to be published in June 2022.

The Audit Committee members noted the progress on the actions in the tracker.

Action AC141: Digital Services Manager to schedule a deep dive in cyber security, digital systems future proofing and a forward look into Digital Auditing for a future Audit Committee. (2 May 2022)

6. Organisational response to Covid-19

Martin Walker, Acting Director of Corporate Services advised that Audit Scotland's Incident Management Team (IMT) continues to monitor on the national level of Covid-19 cases being reported weekly, the impact of isolation periods on colleagues and the broader organisational impact of the virus.

Martin advised that Audit Scotland will move into Phase Four of Accessing our Workplaces plan on Monday 7 March. The main change will be the change from 2 metres distancing to 1 metre. This will increase office capacity of available desks and numbers in meeting rooms. Preparatory work is underway to facilitate the changes.

Martin advised that colleagues who have recently attended our offices were invited to rate the Covid security measures in place. Survey results conveyed a positive view of the measures in providing assurance to colleagues returning to the office. The results of this survey will be shared in the weekly IMT update.

Audit Committee members welcomed the move to Phase Four and agreed that a Covid-19 update should continue to come to the Audit Committee.

The Audit Committee noted the Audit Scotland response to Covid-19 update.

7. Q3 Financial performance report

Stuart Dennis, Corporate Finance Manager, introduced the Q3 financial performance report, copies of which had been previously circulated.

Stuart highlighted the virement of forecast revenue surplus across to the capital budget. This is to enable Audit Scotland to purchase essential IT equipment to support our digital security strategy. Stuart confirmed that this was not an increase to the budget, and that the Scottish Commission for Public Audit (SCPA) had been advised.

Audit Committee members discussed the longer-term financial risks and the possibility of these issues materialising.

The Audit Committee noted the Q3 Financial report.

8. Review of Risk Register

Martin Walker, Acting Director of Corporate Services, and Gayle Fitzpatrick, Corporate Governance Manager introduced the Review of Risk Register report, copies of which had been previously circulated.

Martin advised that the risk register remains influenced, but less dominated, by the effect of the Covid-19 pandemic. Martin provided details around the four red risks and the six amber risks, noting risk A6 (strategic capacity) is likely to reduce in due course as recruitment for the Chief Operating Officer, and the Director of Audit Services Group roles is underway.

The Audit Committee members discussed the risks and the risk scores noting that many risks are interdependent on each other. It was agreed that a future discussion on risk by the Audit Committee would reappraise some of these risks. Martin advised that all risks are proactively monitored by Management Team regularly. Robust controls are applied in line with the scoring levels and adjusted based on management consideration.

The Audit Committee members recognised the work achieved in relation to risk A1 (Health, Safety and Wellbeing) and risk A4 (Audit delivery) and considered if the red status reflected the achievements. The members agreed the red status indicated the importance of both areas, and in the coming weeks/months the indicator may change.

ACTION AC142: Acting Director of Corporate Services and Corporate Governance Manager to review the articulation of risks for discussion at next Audit Committee. (30 March 2022)

The Audit Committee noted the review of the risk register.

9. Digital Security update

David Robertson, Digital Services Manager joined the meeting.

David Robertson, Digital Services Manager provided a summary of the digital threats to the organisation. David outlined the current operational climate, which is heavily influenced by the escalation of cybercrime and the war in Ukraine. In response, Digital Services are enhancing protections within our systems. Two defence measures have been accelerated to provide additional layers of defence.

David advised that critical focus for the next year will be immutable and offline backups to ensure information can be recovered in the event of a cyber attack. Development of a Cyber Incident Response Plan is underway and will require to be actively tested. The plan will incorporate how we protect identity services, how we manage the organisation as well as our communications to the public as we recover, in the event of a cyber-attack.

David advised the digital team' capacity is significantly challenged given current resource capacity of 80%. A Chief Information Security Officer role to take overall responsibility for cyber security is being considered.

The Audit Committee members discussed the options available to secure the right skills into the organisation noting digital is a critical area which requires appropriate developmental capacity.

The Audit Committee members thanked David for the quality of the reporting provided to the corporate forums.

The Audit Committee noted the Digital Security update.

David Robertson, Digital Services Manager left the meeting.

10. Internal audit report: Procurement of Audit Firms

Clare Robertson, BDO introduced the internal audit report: Procurement of Audit Firms, copies of which had been previously circulated.

Clare advised that substantial assurance had been provided for design and operational effectiveness and no recommendations or improvement points had been made.

The Audit Committee members noted the internal audit report: Procurement of audit firms.

11. Internal audit Report: Covid-19: Audit Quality and Delivery

Clare Robertson, BDO introduced the internal audit report: Covid-19: Audit Quality and Delivery, copies of which had been previously circulated.

Clare advised that substantial assurance had been provided for design and operational effectiveness. No recommendations had been made. There was evidence of a number of good practices. Audit Committee members noted the report and noted that it provides assurance that planning in this area are systematic and improvements are in the right place.

The Audit Committee members noted the internal audit report: Covid-19: Audit Quality and Delivery.

12. Internal audit report: Financial Planning

Clare Robertson, BDO introduced the internal audit report: Covid-19: Financial Planning, copies of which had been previously circulated.

Clare advised that substantial assurance had been provided for design and operational effectiveness. No recommendations had been made.

The members noted the observation relating to the time lag of financial management reporting to the corporate forums. Stuart Dennis, Corporate Finance Manager advised that any significant financial issues would be highlighted to the Board outwith the formal reporting cycle and scheduled meetings.

The committee welcomed the report noting the substantial assurances provided around financial planning.

The Audit Committee members noted the internal audit report: Financial Planning.

13. Internal audit report: Progress report 2021-22

Clare Robertson, BDO introduced the internal audit progress report 2021-22, copies of which had been previously circulated.

Clare advised that the report provides an update on the progress made against the plan. The Strategic Improvement Programme governance review is due for completion in March and a follow up audit to review the implementation of recommendations will follow. Clare advised that BDO are on track to complete the plan as per schedule.

The Audit Committee members noted the internal audit progress report 2021-22.

14. Cooperation between External and Internal Auditors

Clare Robertson, BDO and David Jeffcoat, Alexander Sloan introduced the Cooperation between External and Internal auditors report, copies of which had been previously circulated.

David advised that the paper was produced by BDO but discussed with Alexander Sloan.

David advised that there were no issues to comment on regarding the report.

The Audit Committee members noted the Cooperation between External and Internal auditors report.

15. Internal audit recommendations progress report (AS)

Ian Metcalfe, Corporate Performance Officer, joined the meeting.

Gayle Fitzpatrick, Corporate Governance Manager introduced the internal audit recommendations progress report, copies of which had been previously circulated.

Gayle advised that of the 11 recommendations made by BDO in the 2020/21 follow up report, five are complete and six are in progress. Gayle advised that the iTrent payroll & HR system is now available to all staff. Its functionality will allow progress to be made to internal audit recommendations three and four.

The Audit Committee noted the progress on the implementation of outstanding audit recommendations.

Ian Metcalfe, Corporate Performance Officer, left the meeting.

16. Q3 Data incidents/loss

Gayle Fitzpatrick, Corporate Governance Manager, introduced the data incidents/loss report, copies of which had been previously circulated.

Gayle highlighted that there were four data incidents during quarter three. All four incidents were of low significance and risk and consequently, they did not require to be reported to the Information Commissioner's Office (ICO).

Gayle advised that as the organisation moves to phase four of hybrid working, there is potential risk for data incidents to increase as colleagues, accustomed to working from home over the last two years, move between working at home and in the office. Gayle

advised that due consideration will need to be taken in the transit of Audit Scotland devices and that this will be monitored closely.

The Audit Committee noted the data incidents/loss report.

17. Annual assurance and statement of control process 2022

Gayle Fitzpatrick, Corporate Governance Manager, introduced the annual assurance and statement of control process 2022, copies of which had been previously circulated.

Gayle advised that the annual assurance and statement of control process 2022 had previously circulated via email on 13 December to Audit Committee members.

Gayle advised that the plan is on track and invited questions.

Audit Committee member noted the comprehensive and robust process in place with no questions arising.

The Audit Committee noted the Annual assurance and statement of control process 2022.

18. 2021/22 Accounting policies, key accounting estimates and judgements

Stuart Dennis, Corporate Finance Manager introduced the 2021/22 Accounting policies, key accounting estimates and judgements report, copies of which had been previously circulated.

The Chair of the Audit Committee invited David Jeffcoat to comment on the 2021/22 Accounting policies, key accounting estimates and judgements report. David stated he was satisfied with the report and had no further comments to add at this stage.

The Audit Committee members discussed the write off period for computer equipment and software. It was noted that our approach was consistent with other public sector bodies.

The Audit Committee members approved the 2021/22 Accounting policies, key accounting estimates and judgements.

19. Audit Plan for the year ended 31 March 2022

David Jeffcoat, Alexander Sloan introduced the Audit Plan for the year ended 31 March 2022, copies of which had been previously circulated.

David noted the timetable and advised that the fieldwork will be performed offsite with the clearance meeting potentially face to face. The Audit Committee members discussed the timetable and confirmed that Audit Scotland will meet the timescales as stated.

David advised that there were no other points to note.

The Audit Committee members noted the Audit Plan for the year ended 31 March 2022.

20. Any other business

There were no items of other business

21. Review of meeting

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself.

The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.

22. Date of next meeting

The next meeting of the Audit Committee is scheduled for 11 May 2022.

The Chair thanked everyone for attending the meeting and for their participation.

Minutes

Audit Committee

Wednesday 11 May 2022, 10.15am
Microsoft Teams



Present:

C Crosby (Chair)
J Mann

Apologies:

W Moyes, Chair of the Accounts Commission

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
M Walker, Acting Director, Corporate Services Group
C Robertson, BDO
J So, Alexander Sloan
D Jeffcoat, Alexander Sloan
G Gillespie, Wylie & Bisset LLP
S Pringle, Wylie & Bisset LLP
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
E Boyd, Associate Director, Audit Quality and Appointments
O Smith, Senior Manager, Audit Quality and Appointments
J Gilchrist, Manager, Audit Quality and Appointments
E Barrowman, Senior Audit Manager, Audit Services
G Woolman, Audit Director, Audit Services
M Laird, Audit Manager, Audit Services
C Calder, Senior Manager, Performance Audit and Best Value
F Caffyn, Audit Officer, Performance Audit and Best Value
E McGinley, Senior Auditor, Performance Audit and Best Value

1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members and internal auditors, Wylie & Bisset LLP.

2. Welcome and apologies

The Chair opened the meeting and welcomed everyone. The Chair noted apologies from Bill Moyes, Chair of the Accounts Commission, and welcomed Graeme Gillespie and Stephen Pringle, Wylie & Bissett LLP to their first meeting of the Audit Committee.

The Chair noted that there were no issues arising from the private meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 2 March 2022

The Audit Committee members reviewed the minutes of the meeting of 2 March 2022, copies of which had previously been circulated.

The Audit Committee approved the minutes of the previous meeting.

5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had previously been circulated.

Gayle Fitzpatrick, Corporate Governance Manager, provided an update on two actions from the previous meeting.

Action 5 refers to the planned 'deep dive' into cyber security and digital systems. Audit Committee members concluded a session outwith a formal meeting of the Audit Committee would work best and agreed that this would take place on 7 September 2022.

Action 8 refers to reviewing how risks are articulated. Gayle advised that a risk management session facilitated by Wylie & Bisset is planned in the summer and that this will be helpful in informing that process.

The Audit Committee members noted the progress on the actions in the tracker.

6. Organisational response to Covid-19

Martin Walker, Acting Director, Corporate Services Group provided a verbal update on the Covid-19 position in terms of the external operating environment and Audit Scotland's organisational response. A formal Covid-19 update report will be considered by the Board at its meeting on 17 May 2022.

Martin advised that while national case numbers are decreasing, hospital admissions remain high. Audit Scotland reported zero cases or absences during the previous seven days. It is evident some colleagues continue to experience the effects of the virus from previous infections. The Scottish Government and the Scottish Trades Union Congress have issued an updated joint protocol on health and safety. Early analysis of this highlights Audit Scotland's approach is consistent with the updated protocol.

The Audit Committee noted the Audit Scotland response to Covid-19 update.

7. Draft Audit Scotland Transparency report for 2021

Gillian Woolman, Audit Director, Mark Laird, Audit Manager, Elaine Boyd, Associate Director, Owen Smith, Senior Manager and John Gilchrist, Manager joined the meeting.

Stephen Boyle, Accountable Officer and Auditor General for Scotland emphasised the importance placed on audit quality within Audit Scotland and across the appointed Firms. This is evident via compliance with international auditing standards, how our work is received externally and the genuine impact it has delivered.

Stephen advised of the progress made in audit quality scores since last year, while recognising there are still some areas for improvement. One of the reviews was a four, which is below our expected standards. He provided assurance that Audit Scotland

continues to strive for high levels of audit quality and has a plan in place to ensure this happens.

Gillian Woolman, Audit Director introduced the Draft Audit Scotland Transparency report for 2021, copies of which had been previously circulated.

Gillian advised that the Transparency report covers audits by Audit Services Group (ASG) and Performance Audit and Best Value (PABV). She noted that while 2021 has been a challenging year, improvements have been made with the introduction of root cause analysis and hot reviews. Gillian advised of the commitment of colleagues to ensure high standards are achieved.

The members discussed the key messages in the report. They noted that hot reviews are carried out on financial audits after the planning stage, to ensure they are on track and actions are tailored to specific risks.

The members discussed the impact of Covid-19 on audit teams in terms of time and resource pressures. Gillian advised that a recovery subgroup was in place for ASG to guide colleagues. The members noted that the benefit of additional resources may not yet be fully experienced due to time required for new colleagues to be inducted. It is anticipated that the impact of additional resource will be evident within the next six months.

The members welcomed the update and discussed some editing points on the report prior to publication.

The Audit Committee noted the similarities in content between the Draft Transparency report and the Quality of public audit in Scotland report. Discussion took place on how the reports could be streamlined or combined in future years reporting.

The Audit Committee approved the draft Audit Scotland transparency report for 2021, subject to the amendments discussed.

ACTION 143AC: Gillian Woolman to amend the report in line with Audit Committee feedback (May 2022).

8. Quality of public audit in Scotland

Elaine Boyd, Associate Director, Audit Quality and Appointments, introduced the Quality of public audit in Scotland (QPAS) report, copies of which had been previously circulated.

Elaine advised that the QPAS report brings together the work of all auditors and audit work. She reflected on the performance of PABV, ASG and the firms.

Elaine noted that the Audit Quality Framework (AQF) continues to serve Audit Scotland well via a variety of checks including auditor surveys, stakeholder surveys, internal and external reviews, a review of annual audit reports and controls for approving non audit services.

Elaine advised that Audit Quality and Appointments (AQA) will continue to assess audit quality and further follow up work next year is planned to measure progress. Judgements made by AQA, and stakeholder feedback has been shared with audit providers to assist in their improvement planning.

The members discussed the draft QPAS report and requested edits to be made by AQA, in consultation with Stephen Boyle.

The members discussed the supplementary report and noted the collaborative learning achieved by working together with the firms. Elaine advised that good practice and learning points are reviewed as part of the ICAS training.

The members discussed the Diffley report and noted the positive assessment it provided. Elaine advised that all appointed auditors receive bespoke reports that provide constructive feedback on where improvement can be made.

Elaine advised that the ICAS contract expired on 30 April 2022 and that AQA will be tendering to secure independent quality review provision over the summer.

The Audit Committee approved the Quality of public audit in Scotland, subject to the agreed amendments and recommended it for submission to the Board on 1 June 2022.

ACTION 144AC: AQA to make edits to the QPAS report in consultation with Stephen Boyle (May 2022).

9. Audit quality improvement actions

Elaine Barrowman, Senior Audit Manager joined the meeting

Gillian Woolman introduced the Audit quality improvement actions report, copies of which had been previously circulated. Gillian advised the report details actions proposed and taken by Audit Services Group (ASG) and Performance Audit and Best Value (PABV) to address matters arising from recent quality monitoring activity.

Gillian noted the importance of the improvement action plan produced last year and advised of the improvements actions delivered to date. Gillian indicated that some of the actions would not take effect until the 2021/22 audits and that actions for the forthcoming year remain focussed on continuous improvement.

Elaine Barrowman advised that the focus this year is to direct auditors to where the support is and to ensure the accessibility of this.

The members noted the plan is an ongoing programme.

The Audit Committee noted the Audit quality improvement actions report.

Gillian Woolman, Audit Director, Mark Laird, Audit Manager, Elaine Boyd, Associate Director, Owen Smith, Senior Manager, John Gilchrist, Manager and Elaine Barrowman, Senior Audit Manager left the meeting.

10. Draft Q4 Financial performance report

Stuart Dennis, Corporate Finance Manager, introduced the Q4 financial performance report, copies of which had been previously circulated.

Stuart advised the figures presented were the unaudited position at quarter four. The variance to budget reflects the pension non-cash element, savings on travel and

subsistence due to remote auditing and staff costs. The variance to staff costs is due to the vacant Senior Management posts and the approved posts through the building capacity programme that are still being onboarded.

The members discussed the variance to budget, the pension provision, and the possible final financial position.

The Audit Committee noted the Q4 Financial report.

11. Review of Risk Register

Gayle Fitzpatrick, Corporate Governance Manager introduced the Review of Risk Register report, copies of which had been previously circulated.

Gayle advised of the main changes to the risk register following its last review in February 2022. Gayle highlighted the change to the risk score in relation to audit quality and highlighted that risk A1 on Health, Safety and Wellbeing currently rated red is anticipated to move to amber at the next review point.

Gayle also advised that Risk A11 on Electronic Working Papers has moved from the risks for monitoring register to the risks for action register given some delays in the project. Gayle also advised that several mitigations were in place, including the securing of dedicated resource to ensure progress within the project.

The members discussed the changes to the register noting how the move from red to amber for risk A2, Audit Quality could potentially be perceived as complacency. Members concluded this was not the case given the significant ongoing programme of work and the positive assurance from quality reviews this year.

The members also discussed the Digital Security risk remaining red. It was noted that despite the extensive mitigations in place our digital security environment remained exposed to a high level of risk from cyber-attacks as a result of the external environment. Martin Walker advised that the recent ISO 27001 re-certification audit provided a strong level of assurance on our digital security with only one minor opportunity for improvement.

Gayle advised that an Information Governance and Security report will be brought to the Board on 17 May 2022. The report provides assurances on the robust measures in place to ensure the security of our digital security.

The Audit Committee noted the review of the risk register.

12. Internal audit report: Strategic Improvement Plan Governance

Claire Robertson, BDO joined the meeting.

The Audit Committee Chair welcomed Claire to the meeting and thanked BDO for the internal audit services provided for Audit Scotland over recent years.

Claire Robertson, BDO, introduced the internal audit report: Strategic Improvement Plan Governance, copies of which had been previously circulated.

Claire advised that substantial assurance had been provided for both design and operational effectiveness. Two low level recommendations were identified from the reviews. Martin Walker advised that work is under way to progress the recommendations.

The Audit Committee members noted the internal audit report: Strategic Improvement plan governance.

13. Internal audit Report: Follow up

Claire Robertson, BDO introduced the internal audit report: Follow up, copies of which had been previously circulated.

Claire advised that 18 recommendations had been made with 10 fully implemented, 7 partially implemented and one superseded. BDO concluded that Audit Scotland has made good progress in implementing recommendations, and that management's resolve to implement previously agreed Internal Audit recommendations is sound.

The Audit Committee members noted the internal audit report: Follow up report.

14. Internal audit annual report 2021-22

Claire Robertson, BDO introduced the internal audit annual report 2021-22, copies of which had been previously circulated.

Claire advised that the report summarises the work completed during the year 2021-22. Claire noted that 10 recommendations had been made, of which 3 were medium priority and 7 of low priority. Claire noted all reports had substantial or reasonable assurance for design and operational effectiveness.

The Audit Committee members noted the internal audit annual report 2021-22.

Claire Robertson, BDO left the meeting.

15. Annual review of Business continuity plan

Gayle Fitzpatrick, Corporate Governance Manager introduced the Annual review of Business Continuity Plan (BCP), copies of which had been previously circulated.

Gayle advised that the BCP was reviewed annually. The experience of the pandemic has seen the BCP evolve substantially over the last two years, that the arrangements outlined had been thoroughly tested and as a result this year's review had resulted in minor changes.

The members discussed the reference to staff names and agreed that only role titles were required in the plan.

ACTION 145AC: Gayle Fitzpatrick to amend the Business Continuity Plan to reflect only role titles (June 2022).

The Audit Committee members noted the annual review of the Business continuity plan.

16. Suite of Annual governance reports

Carol Calder, Senior Manager, Fiona Caffyn, Audit Officer and Erin McGinley, Senior Auditor joined the meeting.

Gayle Fitzpatrick, Corporate Governance Manager, introduced the suite of annual governance reports, copies of which had been previously circulated.

Gayle referred to the overview report which provided a high-level summary of each area of governance work and invited questions from the members.

The reports considered were:

- a) Review of performance management and arrangements
- b) Data incidents/ loss
- c) Hospitality and gifts
- d) Bribery and fraud
- e) Whistleblowing
- f) Correspondence and Whistleblowing

The members noted the value of the reports and the assurance they provide to the Audit Committee. They noted the amount of work in preparing the reports and thanked the teams that contribute.

ACTION 146AC: Gayle Fitzpatrick to add an additional word (other) to paragraph 11 in the Hospitality and Gifts report (June 2022)

The Audit Committee noted the suite of Annual governance reports.

Carol Calder, Senior Manager, Fiona Caffyn, Audit Officer and Erin McGinley, Senior Auditor left the meeting.

17. Policy of provision of non-audit services

John Gilchrist, Manager joined the meeting.

John introduced the policy of provision of non-audit services report, copies of which had been previously circulated.

John advised that there were no changes to the external environment and recommended that the policy be adopted.

The Audit Committee members noted the Policy of provision of non-audit services report.

John Gilchrist, Manager left the meeting.

18. Audit Committee self-evaluation results

Gayle Fitzpatrick, Corporate Governance Manager introduced the Audit Committee self-evaluation results, copies of which had been previously circulated.

The Chair welcomed the self-evaluation results which provided positive assurance on the operation of the Audit Committee. The Chair invited feedback on the results.

The members advised that the Committee provided the right balance of scrutiny, support and challenge.

The Audit Committee members noted the Audit Committee self-evaluation results.

19. Any other business

There were no items of other business

20. Review of meeting

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself.

The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.

21. Date of next meeting

The next meeting of the Audit Committee is scheduled for 1 June 2022.

The Chair thanked everyone for attending the meeting and for their participation.

Minutes

Audit Committee

Wednesday 1 June 2022, 09.30am
Microsoft Teams



Present:

C Crosby (Chair)
J Mann
W Moyes, Chair of the Accounts Commission

Apologies:

None

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
M Walker, Acting Director, Corporate Services Group
J So, Alexander Sloan
D Jeffcoat, Alexander Sloan
S Pringle, Wylie and Bisset LLP
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
S Ebbett, Corporate Communications Manager
S Burgess, Assistant HR Manager
G Robertson, L&D Assistant Manager

1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members and internal auditors, Wylie & Bisset LLP and David Jeffcoat, Alexander Sloan.

2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted no issues were arising from the private meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 11 May 2022

The Audit Committee members reviewed the minutes of the meeting of 11 May 2022, copies of which had previously been circulated.

The Audit Committee approved the minutes of the previous meeting.

5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had previously been circulated.

Gayle Fitzpatrick, Corporate Governance Manager, advised that the tracker had been updated and was for noting.

The Audit Committee members noted the progress on the actions in the tracker.

6. Organisational response to Covid-19

Martin Walker, Acting Director, Corporate Services Group provided a verbal update on the Covid-19 position.

Martin shared national data around Covid infection levels, hospital admissions and deaths in Scotland, noting a decline. Martin advised of the low infection rates within Audit Scotland, and that one colleague was currently absent from work due to Covid.

Martin advised that some of the restrictions around our workplaces will be relaxed mirroring national position. From Monday 6th June the 'one metre rule' for social distancing in the offices will be removed and that this would increase the number of desks available and the capacity of meeting rooms. Martin advised that the requirement for facemasks to be worn when moving around the office will also be removed. Martin advised that the Distance Aware scheme will be retained so that colleagues who wish to retain greater distancing can do so. Martin that a communication to all colleagues advising of the changes would be issued today.

The Audit Committee noted the Audit Scotland response to Covid-19 update.

7. Draft Audit Scotland Annual report and accounts 2021/22

Simon Ebbett, Corporate Communications Manager joined the meeting.

Martin Walker, Acting Director, Corporate Services, Stuart Dennis, Corporate Finance Manager and Simon Ebbett, Corporate Communications manager introduced the draft Annual report and accounts, copies of which had previously been circulated.

Simon advised that the report set out the performance of Audit Scotland in 2021/22 and provided positive assurances about the impact of the audit work over the past year and the governance arrangements in place.

Stuart advised that minor adjustments made to the quarter four financial performance report related to invoice accruals and the latest pension figures for the unfunded schemes.

The Chair noted that the committee members had received earlier drafts of the report.

The Audit Committee members discussed various aspects of the report and accounts including pensions and the provisions made in the accounts on audit fees. The Committee agreed some minor final edits to the report and discussed some suggested changes for next year's report.

The Chair thanked the officers involved for their work on the report.

The Audit Committee noted the next steps in the process and recommended the draft Annual report and accounts for approval by the Board.

Simon Ebbett, Corporate Communications Manager left the meeting

8. Audit summary report for the year end 31 March 2022

David Jeffcoat, Alexander Sloan introduced the audit summary report for the year end 31 March 2022, copies of which had been previously circulated.

David provided assurance that financial statements were true and fair. He advised he was satisfied with all the judgements, estimates and assumptions within the report.

David advised of forthcoming changes to IFR16 (Leases). He plans to meet with Stuart Dennis, Corporate Finance Manager, in the autumn to discuss and plan ahead on this issue.

The Audit Committee noted the draft External Audit Management opinion on financial year report.

9. Q4 Financial performance report

Stuart Dennis, Corporate Finance Manager, introduced the Quarter four financial performance report, copies of which had been previously circulated.

Stuart advised that the report had previously been shared, and discussed, at the Audit Committee meeting on 11 May 2022.

The Audit Committee noted the Q4 Financial report.

10. Review of Risk Register

Gayle Fitzpatrick, Corporate Governance Manager introduced the Review of Risk Register report, copies of which had been previously circulated.

Gayle advised that one risk had changed since the last meeting. Risk A3, Health, Safety & Wellbeing, has reduced from red to the upper level of amber reflecting the reduced impact of Covid-19. Assurance was provided that Management Team continues to monitor this situation on a weekly basis.

The members noted a session Risk Management Workshop is scheduled for 18 August and will be facilitated by internal auditors Wylie & Bissett and that a session on digital Infrastructure risk has been scheduled for 7 September.

The members discussed risk A6 (Failure of strategic capacity in key business critical areas to deliver business continuity and support transformation/ organisational agility) and discussed the importance of investment in IT capacity beyond cyber security. The members noted the Digital Services team are meeting service obligations and emphasised the need to continue developing systems for future proofing. The members noted that the 'deep dive session' scheduled for September will provide an opportunity to discuss these issues further.

The Audit Committee noted the review of the risk register.

11. Audit Needs Assessment 2022-2025

Stephen Pringle, Wylie & Bissett introduced the Audit Needs Assessment 2022-25 report, copies of which had been previously circulated.

Stephen provided a summary of Wylie & Bissett's responsibilities as the newly appointed Internal Auditors for Audit Scotland over the next three years. He outlined the proposed key areas for audit:

- Risk management
- Green Futures
- Hybrid Working
- Workforce planning
- Financial planning
- Review of suitability of Business Management System
- Digital Security Risk Management
- Follow up

Stephen advised that the plan was flexible and that full scoping meetings would be held prior to the start of each audit.

The members welcomed the comprehensive report and discussed the sequencing of the audits. It was noted that it may be beneficial to delay hybrid working and the suitability of the business management system audits to allow more time for the developments to become embedded. The members noted the opportunity for Audit Scotland to be recognised as leading the way with the Green Futures agenda in terms of both audit work and organisational arrangements.

The members agreed the planned areas of audit in the year one programme and agreed the initial audit needs assessment was robust.

The Audit Committee members noted the audit needs assessment 2022-25 and agreed the internal audit programme.

12. Summer Risk Management session

Gayle Fitzpatrick, Corporate Governance Manager confirmed that the summer risk management session, which will be facilitated by Wylie & Bissett, is scheduled for 18 August 2022.

The Audit Committee noted the summer risk management session update.

13. Health, Safety and Wellbeing Annual Report 2021/22

Susan Burgess, Assistant HR Manager and Gordon Robertson, L&D Assistant Manager joined the meeting.

Susan advised that the organisation continues to provide support to colleagues, with a particular focus on wellbeing. Susan highlighted the key messages in the report and the priorities which include using the Health and Safety Executive (HSE) stress tool assessment and a workstation assessment. She advised that the Developing Hybrid project team are taking forward a number of workstreams including a review of those policies and procedures will require to be refreshed in light of hybrid working.

The members noted the positive report and recognised the challenges of coming out of Covid-19. Members also discussed the value of using the data provided to influence behaviours around carried forward leave and the recording of accidents.

The Audit Committee members noted the Health, Safety and Wellbeing annual report 2021/22.

Susan Burgess, Assistant HR Manager and Gordon Robertson, L&D Assistant Manager left the meeting.

14. Governance statement and certificate of assurance

Gayle Fitzpatrick, Corporate Governance Manager introduced the Governance statement and certificate of assurance report, copies of which had been previously circulated.

Gayle advised the report provided positive assurance on controls across all business groups.

The members approved the certificate of assurance. It was agreed that in following years it would be appropriate to sequence the meeting agenda to consider the certificate in conjunction with the Annual report and Accounts

The Audit Committee members noted the Governance statement on internal control and approved certificate of assurance report.

15. 2021/22 Annual report from the Chair of the Audit Committee to Board

Gayle Fitzpatrick, Corporate Governance Manager, introduced the annual report from the Chair of the Audit Committee to Board, copies of which had been previously circulated.

The Audit Committee members were satisfied with the report and agreed it provided a good summary of the committee's work in 2021/22.

The Audit Committee noted the Annual report from the Chair of the Audit Committee and recommended it to the Board.

16. Any other business

There were no items of other business

17. Review of meeting

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself.

The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.

18. Date of next meeting

The next meeting of the Audit Committee is scheduled for 7 September 2022.

The Chair thanked everyone for attending the meeting and for their participation.

Minutes

Audit Committee



Wednesday 7 September 2022, 10.00am
Microsoft Teams

Present:

C Crosby (Chair)
J Mann

Apologies:

W Moyes, Chair of the Accounts Commission

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
V Bibby, Chief Operating Officer
M Walker, Director of Corporate Support
D Jeffcoat, Alexander Sloan
G Gillespie, Wylie & Bisset LLP
S Pringle, Wylie & Bisset LLP
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
D Robertson, Digital Services Manager

1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members, internal auditors, Wylie & Bisset LLP and external auditors, Alexander Sloan.

2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted no issues arising from the private meeting. The chair welcomed Vicki Bibby, Chief Operating Officer to her first Audit Committee meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 1 June 2022

The Audit Committee members reviewed the minutes of the meeting of 1 June 2022, copies of which had previously been circulated. David Jeffcoat, External Auditor at Alexander Sloan advised he attended the meeting and requested an amendment to reflect this.

No other amendments were requested.

The Audit Committee approved the minutes of the previous meeting.

ACTION AC147: Add D Jeffcoat into the attendees for 1 June 2022 meeting minute.

5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had previously been circulated.

Gayle Fitzpatrick, Corporate Governance Manager, advised that the tracker had been updated and was for noting.

The members noted risk 133AC on having a Board session on lessons learned from the pandemic has still not been closed off. While interim reviews have taken place members agreed that a separate session be held in the autumn. Pathways to future emergencies should also be considered at this session.

The Audit Committee members noted the progress on the actions in the tracker.

ACTION AC148: Martin Walker/Gayle Fitzpatrick to schedule a session to consider the lessons learned from the organisational response to Covid-19. (Autumn 2022)

6. Q1 Financial report

Stuart Dennis, Corporate Finance Manager, introduced the Quarter one financial performance report, copies of which had been previously circulated.

Stuart provided details of variances to budget and highlighted the risks. Future financial planning will be impacted by the outcome of the pay award, the cost-of-living challenges and the impact of the new audit appointment fees. The members reflected on the outcome of the pay award negotiations having significant implications for the budget and consideration was given to reflecting this within the risk register.

The members noted the variance in staffing costs. Stuart advised this was a phasing issue given vacancies in the digital team and senior positions not yet filled in quarter one.

The Audit Committee noted the Q1 Financial report.

7. Review of risk register

Gayle Fitzpatrick, Corporate Governance Manager introduced the Review of Risk Register report, copies of which had been previously circulated.

Gayle advised that the risk profile has been modified since the register was last considered by the Committee on 1 June 2022 and following the risk session with Board and internal auditors, Wylie & Bisset in August.

Gayle advised that two new risks had been added to the register, Successful Cyber Attack (A2) and Climate Change (M9). Risks A10 (failure of capacity – skills) and M2 (Audit Scotland infrastructure) have been reframed to reflect the emphasis on Covid-19 to hybrid working.

The members reflected on the risk session and discussed the definition of a red risk, organisational risk appetite and tolerance. They noted that some red risks cannot be

reduced but that the impact could be mitigated to some degree. The members agreed that risk A10 be rearticulated to reference IT systems, hardware and development.

The Audit Committee noted the review of the risk register.

ACTION AC149: Gayle Fitzpatrick to amend the risk register to explicitly refer to 'IT systems, hardware and development'. (30 September 2022)

8. Internal audit plan 2022/23 verbal update

Graham Gillespie, Wylie & Bissett LLP provided an update on the Internal Audit Plan 2022/23.

Graham advised that following Audit Committee on 1 June 2022 where the draft plan had been considered, a resequencing of reviews had been agreed. The first internal audit review will focus on Risk Management and commence week beginning 26 September. An update will be provided at the Audit Committee meeting on 9 November 2022.

Graham advised that the internal audit plan will be completed within the current year.

The Audit Committee welcomed the re-sequencing and noted the update.

9. Annual review of Corporate Governance policies

Gayle Fitzpatrick, Corporate Governance Manager, introduced the annual review of corporate governance policies, copies of which had been previously circulated.

Gayle advised minor amendments relating to recent structural changes had been applied to all policies with the exception of the Code of Conduct for Members. The latter had received more significant augmentation due to the Scottish Government updating guidance in this area during December 2021.

The Chair invited comments from members on the substantial changes to the following policies:

- Standing Orders
- Scheme of Delegation
- Financial Regulations
- Code of Conduct for members
- Code of Conduct for Employees

The members had a comprehensive discussion around the clarity of purpose of the Board and Committees. The members present were satisfied that the purpose is clear within the body of the governance documents and that further discussion would take place when the documents are considered at the Board at its meeting on 28 September.

The Chair advised that Bill Moyes had contacted him in advance of the meeting to seek clarification on the purpose of the Board and its committees as expressed in the governance documents. It was agreed that Martin Walker would liaise with Bill on this.

The members thanked the Corporate Governance Manager for presenting the policies with tracked changes, noting that the policies need to be proofed once the changes have been considered by the Board.

The Audit Committee recommended the policies be approved by the Board.

Action AC150: Martin Walker to liaise with Bill Moyes on the articulation of the Board and its committees purpose in the governance documents (September 2022)

10. Q1 Data Incidents / Loss report

Gayle Fitzpatrick, Corporate Governance Manager, introduced the Q1 data incidents/loss report, copies of which had been previously circulated.

Gayle advised that there had been five data incidents recorded during quarter one and that none required reporting to the Information Commissioner's Office (ICO) given the risk level associated with the incidents and swift action undertaken.

The members discussed the probability of similar incidents happening again. Gayle provided assurance that measures have been implemented to help ensure similar incidents should not happen again.

The Audit Committee noted the data incidents/loss report.

11. Digital Security

David Robertson, Digital Services Manager, joined the meeting.

David Robertson, Digital Services Manager, introduced the Digital Security report, copies of which had been previously circulated.

David advised that team resources continue to be a challenge with the team currently running at 80% due to difficulties in recruitment and as a result some development work has been paused to ensure resources are directed towards the high-risk area of cyber security and core business continuity. The members noted that the recruitment campaigns are UK wide which would extend the field of candidates. Members also recognised that there are some digital roles, including the Network Security Specialist that would require an onsite presence, for example actioning systems recovery.

David provided a summary of the successful outcome of the ISO re-certification audit and results of from a recent organisational phishing test. Members discussed the lessons learned from cyber incidents in other organisations and noted the continued need for digital vigilance. They also welcomed the inclusion of cyber security as part of the induction programme for staff.

The Audit Committee noted the Digital Security update.

12. Any other business

There were no items of other business

13. Review of meeting

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself.

The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.

14. Date of next meeting

The next meeting of the Audit Committee is scheduled for 9 November 2022.

The Chair thanked everyone for attending the meeting and for their participation.

Minutes

Audit Committee



Wednesday 9 November 2022, 10.00am
Microsoft Teams

Present:

C Crosby (Chair)
J Mann
W Moyes, Chair of the Accounts Commission

Apologies:

None

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
V Bibby, Chief Operating Officer
M Walker, Director of Corporate Support
D Jeffcoat, Alexander Sloan
J So, Alexander Sloan
G Gillespie, Wylie & Bisset LLP
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
J Cornett, Director of Audit Services
E Boyd, Director, Audit Quality & Appointments
O Smith, Senior Manager, Audit Quality & Appointments
J Gilchrist, Manager, Audit Quality & Appointments

1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members, internal auditors, Wylie & Bisset LLP and external auditors, Alexander Sloan.

2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted no issues arising from the private meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 7 September 2022

The Audit Committee members reviewed and agreed the minutes of the 7 September 2022 meeting, copies of which had previously been circulated.

The members noted the lessons learned session (133AC) remains open. Martin Walker, Director of Corporate Support explained this was due to other priorities and is now likely to take place in the new calendar year. The members discussed preparing a draft remit for the session and Martin agreed to progress this.

Audit Committee members welcomed the update on Digital Services recruitment. It was noted that a Digital Security Specialist will be joining the Digital team imminently and the recruitment campaign for the Data Development Manager is underway.

The Audit Committee approved the minutes of the previous meeting.

Action 151AC: Martin Walker to draft remit for Covid 19 Lessons Learned session (January 2023)

5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had previously been circulated.

Gayle Fitzpatrick, Corporate Governance Manager, advised that the tracker had been updated and was for noting.

The Audit Committee members noted the progress on the actions in the tracker.

6. Audit Committee Terms of reference – Annual review

Gayle Fitzpatrick, Corporate Governance Manager introduced the Audit Committee Terms of Reference – Annual review report, copies of which had been previously circulated.

Gayle advised that the Audit Committee Terms of Reference (TOR) were previously reviewed at all meetings up until November 2020 when the committee agreed that they would be reviewed on an annual basis. Gayle invited the members to advise of any revisions required.

The members noted that further discussion on how audit quality and reporting is shared with the Committee would be beneficial and agreed this would be covered at agenda items 9 and 10.

The members discussed elements of the TOR noting the reference to risk interrogations. Gayle advised that prior to the pandemic, a Risk Interrogation Plan was presented in the September or November meeting each year for the year ahead. The members discussed the approaches to interrogating risks and the need for flexibility, to consider risks as and when required in addition to a schedule. It was noted that Internal Audit provides assurance to members on areas of risk, and that the scheduling of future risk interrogations be agreed at Audit Committee as required.

The Audit Committee approved the Terms of Reference.

7. Q2 Financial performance report

Stuart Dennis, Corporate Finance Manager, introduced the Q2 financial performance report, copies of which had been previously circulated.

Stuart provided details of variances to budget and highlighted the risks. The members discussed the variances within the budget, noting that the position is improving. Audit delivery was discussed, and assurance was provided that auditors are managing the risks around not any meeting deadlines.

The members recognised the pay award for 2022/23 will have an impact on the budget for 2023/24.

Stuart advised that the volatile financial environment would impact the budget proposal that will be shared with the Board on 23 November and to the Scottish Commission for Public Audit (SCPA) on 14 December. The members agreed that provision could be made for holding a special Board meeting to consider the budget bid prior to submission to the SCPA if required.

The Audit Committee noted the Q2 Financial report.

ACTION 152AC: Martin Walker to arrange a special Board meeting, if required, to review the budget bid prior to submission to the SCPA. (November/December 2022)

8. Review of risk register

Martin Walker, Director of Corporate Support, and Gayle Fitzpatrick, Corporate Governance Manager introduced the Review of Risk Register report, copies of which had been previously circulated.

Martin advised that risks had been the subject of considerable discussion at a number of forums over recent weeks including the Audit Committee risk workshop and Board strategic session on 18 August, the Audit Committee meeting on 7 September and at the Executive Team strategic planning day on 11 October. Martin advised that intelligence and feedback gathered at these sessions have informed the updated version of the risk register.

Martin advised of new, reframed and consolidated risks. The Audit Committee broadly welcomed the updated version of the risk register noting that it better reflects the risk profile. It was also noted that given the dynamic nature of the current operational context, that the risk profile would require to be kept under close scrutiny.

Bill Moyes, Chair of the Accounts Commission proposed there be a risk around the failure of Audit Scotland to meet the needs of its clients. Discussion considered whether this matter was already referenced within risk A10 – ‘Failure to maximise the value, impact and influence of public audit and meet stakeholder expectations’ Audit Committee agreed that the scope of this risk could be rearticulated more explicitly to reflect Bill’s point.

The members considered the subject of public interest audits and agreed that a meeting be held between the Accounts Commission and the Auditor General for Scotland (AGS) in light of the Accounts Commission Change Programme.

The Chair agreed that it would be valuable to have a further discussion around our risk register given the ongoing work on the refresh of the model of Public Audit in Scotland, Partnership Working Framework and the development of Audit Scotland’s new Corporate

Plan. The Chair noted that works on these areas are currently live, and a session in the new year would be welcome to revisit the risk environment.

The Audit Committee noted the review of the risk register.

ACTION 153AC: **The Accounts Commission Chair and the AGS to arrange to meet to discuss public interest audits in light of the Accounts Commission Change Programme (December 2022)**

ACTION 154AC: **Martin to review the description of risk A10 to ensure they are explicit. (December 2022)**

ACTION 155AC: **Martin and Gayle to arrange a Risk Management session for Audit Committee and Board Members in the new year to revisit the operational context (March 2023)**

9. Interim report on Audit quality

Elaine Boyd, Director, Owen Smith, Senior Manager, John Gilchrist, Manager, Audit Quality & Appointments and John Cornett, Executive Director of Audit Services Group joined the meeting.

Elaine Boyd advised that Audit Quality & Appointments (AQA) report on audit quality twice a year, with the interim report being for internal purposes. Elaine advised that the interim report focuses on annual audit plans, the Audit Scotland improvement plan and on audit delivery.

Elaine advised that findings provided reasonable assurance overall, with the recommendation that a further update be provided to Board in January 2023. This was due to the continuing challenge of meeting financial audit statutory deadlines.

The Audit Committee noted that audit delivery issues are partly due to moving back to previous pre pandemic timescales, while contending with later start dates due to the earlier impact of the pandemic. The committee also noted that the delays were a combination of delays, capacity challenges and the quality of documentation from audited bodies and capacity challenges in audit teams.

John Cornett, Executive Director of Audit Services group provided assurance that issues impacting on audit delivery were being addressed by the organisational Strategic Improvement Programme and an active operational plan to closely monitor and address audit delivery issues. It is anticipated that there will be evidence of improvement in the January 2023 update.

The members discussed the pace and impact of change as well as capacity to deliver audit. It was noted that the structure for Innovation & Quality (I&Q) is now agreed and recruitment is underway. It was also noted that this additional capacity will assist with the delivery of International Standard for Quality Management (ISQM) within audit work.

The members were assured from the report and the update that issues around audit quality were being progressed and they welcomed a further report in the new year.

The Audit Committee noted the interim report on audit quality.

ACTION 156AC: John Cornett to provide an update on Audit Delivery to Board in January 2023.

10. Audit Quality framework refresh

Owen Smith advised that the current Audit Quality Framework (AQF) has been in place since 2017. During that time 12 quality reports have been prepared to provide assurance to the commissioners of audit.

Members noted that an international comparison against peer public audit agencies had been carried out. The analysis indicates that the AQF is comprehensive and more advanced in terms of evidence gathered and is ahead of our peers. A UK wide audit quality group has confirmed this view.

The members discussed the balance of reporting best value and financial reporting and the importance of both being covered by the quality framework. Impact, reputation, and outcome measures need to be distinct and fully understood.

The members recognised the benefit of benchmarking more generally, also noting the value of international benchmarking. They discussed the possibility of bringing forward the results from June to Spring 2023 to allow quality recommendations to be captured before the next audit cycle. Elaine advised this could be explored for the following audit year.

The Audit Committee members noted the useful and comprehensive discussion paper.

Elaine Boyd, Director, Owen Smith, Senior Manager and John Gilchrist, Manager, Audit Quality & Appointments left the meeting.

11. Internal audit plan 2022/23 verbal update

Graham Gillespie, Wylie & Bissett LLP provided an update on the Internal Audit Plan 2022/23.

Graham advised that the plan is on track with the first visit completed and a second visit planned to focus on Digital at the end of this month.

The Chair noted that a good and effective relationship is developing between Audit Scotland and Wylie & Bissett.

The Audit Committee welcomed the update.

12. IAR: Risk Management

Graham Gillespie, Wylie & Bissett LLP provided an update on the Internal Audit Review: Risk Management.

Graham advised that the purpose of this first assignment was to review the risk management arrangements in place to ensure they are embedded throughout Audit Scotland. Graham advised the review considered the risk management strategy, the risk register, risk management training and the reporting and management of risks.

Graham advised that strong assurance was provided for the risk management visit and that this is the highest level of assurance. Graham assured Audit Committee there were no concerns arising from the survey with two low level recommendations made. Graham advised that there were 17 areas of good practice identified. Benchmarking with other similar bodies would suggest that Audit Scotland performed at a good level.

The members welcomed the report, and its readability.

The Audit Committee noted the IAR report on risk management.

13. Q2 Data Incidents / Loss report

Gayle Fitzpatrick, Corporate Governance Manager, introduced the Q2 data incidents/loss report, copies of which had been previously circulated.

Gayle advised that there were three data incidents recorded during quarter two. The three incidents involved human error and did not require to be reported to the Information Commissioners Office. Gayle provided assurance to the members that proactive work is underway in the form guidance to staff and planned data protection sessions to help mitigate any future incidents.

The Audit Committee noted the data incidents/loss report.

14. External Auditor's independence, objectivity, effectiveness and value for money

Gayle Fitzpatrick, Corporate Governance Manager, introduced the External Auditor's independence, objectivity, effectiveness and value for money report, copies of which had been previously circulated.

Gayle advised that this review takes place annually and is shared with the Audit Committee to provide assurance.

There were no queries on the report.

The Audit Committee noted the External Auditor's independence, objectivity, effectiveness and value for money

15. Review of Audit Committee effectiveness

Gayle Fitzpatrick, Corporate Governance Manager, introduced the proposed 2023 dates for review of Audit Committee effectiveness report, copies of which had been previously circulated.

Gayle advised the review of Audit Committee effectiveness takes place annually and sought approval for the timeline proposed.

The Audit Committee members approved the timeline.

16. Any other business

There were no items of other business

17. Review of meeting

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself.

The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.

18. Date of next meeting

The next meeting of the Audit Committee is scheduled for 7 March 2023.

The Chair thanked everyone for attending the meeting and for their participation.