

Minutes

Management Team

Tuesday 2 February 2021, 10.00am

TEAMS Meeting

Present:

Diane McGiffen (Chair)
Stephen Boyle
Fiona Kordiak
Fraser McKinlay
Joy Webber (Minutes)

Apologies:

There were no apologies.

In attendance:

David Blattman, HR&OD Manager, Corporate Services
Mark Taylor, Audit Director, Audit Services
Stuart Dennis, Corporate Finance Manager
Elaine Boyd, Associate Director, Audit Quality and Appointments
Owen Smith, Senior Manager, Audit Quality and Appointments
John Gilchrist, Manager, Audit Quality and Appointments
Stuart Dennis, Corporate Finance Manager
Simon Ebbett, Communications Manager
Gordon Smail, Audit Director, Performance Audit and Best Value
Carolyn McLeod, Audit Director, Performance Audit and Best Value
Martin Walker, Associate Director, Corporate Performance and Risk
Gayle Fitzpatrick, Corporate Governance Manager
Paul Reilly, Secretary to the Accounts Commission

1. Minutes of meeting 26 January 2021

The draft minutes dated 26 January 2021 were considered and Management Team agreed that these were an accurate record of the meeting, subject to minor amendment.

2. Confidential item

This item is the subject of a separate confidential minute.

3. Audit quality update

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

Elaine Boyd introduced the Audit quality update report, copies of which had been previously circulated.

Elaine invited Management Team to note the success of the Covid-19 support by the Audit Quality and Appointment team, including the implementation of DocuSign for both auditors and clients, preparations for QPAS reporting in June, streamlining of data returns required from auditors and to approve the proposal to extend the contract with ICAS for a period of one year as permitted within

the terms of the contract. Management Team agreed that a separate report on the Audit Quality Complaints procedure and on the proposals to improve the transparency of audit quality reporting in 2022 and beyond would be considered at its next meeting on 16 February 2021.

During discussion, Management Team welcomed the implementation of DocuSign recognising the efficiencies this has provided during the pandemic and approved this as a preferred method for signing accounts going forward. Management Team welcomed the data returns from auditors to inform the QPAS reporting in June 2021 and considered the proposal to extend the ICAS contract for a further year.

Following discussion, Management Team approved the extension to the ICAS contract and agreed a number of amendments to be incorporated in the report to be submitted to the Audit Committee for its consideration at its meeting on 3 March 2021.

4. Audit delivery 2019/2020

Elaine Boyd introduced the Audit delivery 2019/2020 report, copies of which had been previously circulated.

Elaine invited Management Team to consider the audit delivery performance relating to 2019/20 audits reported and to also comment on the report to assist with onward reporting to Audit Scotland's Audit Committee and the Accounts Commission Committees.

During discussion, Management Team noted the strong results reported and welcomed the outstanding delivery by auditors and finance teams to achieve these results. Management Team also reflected on to the role of briefing papers and other outputs which have been a contributory factor during the pandemic and agreed these should also be referenced in the report.

Management Team agreed additional commentary and amendments to the report prior to its submission to the Audit Committee and would welcomed the sharing of the report more widely internally and with auditors.

Following discussion, Management Team welcomed the report.

Elaine Boyd, Owen Smith and John Gilchrist, left the meeting.

5. Q3 Financial performance report

Stuart Dennis, Corporate Finance Manager, re-joined the meeting,

Stuart Dennis introduced the Q3 Financial performance report, copies of which had been previously circulated.

Stuart invited Management Team to note the financial results for the nine months to 31 December 2020 prior to its submission to the Audit Committee meeting on 3 March 2021.

During discussion, Management Team noted the results to 31 December 2020 and the forecast for the year end which is in line with forecasting. Management Team considered the risks around income recognition and firms' costs and welcomed assurance that planning for 2021 audits had commenced.

Following discussion, Management Team welcomed the report and agreed Stuart would liaise with AQA on additional fees and the future fee regime.

6. 2020/21 Accounting policies key accounting estimates and judgements

Stuart Dennis introduced the 2020/21 Accounting policies key accounting estimates and judgements report, copies of which had been previously circulated.

Stuart invited Management Team to approve the submission of the 2020-21 Accounting policies, key accounting estimates and judgements to the Audit Committee meeting on 3 March 2021.

Management Team welcomed the clarity of the accounting policies and agreed the inclusion of commentary on the potential economic impact of Covid-19 prior to submission to the Audit Committee.

Fraser McKinlay and Stuart Dennis left the meeting.

7. Communications digest

Simon Ebbett, Communications Manager, Gordon Smail and Carolyn McLeod, Audit Directors, Performance Audit and Best Value, joined the meeting. Fraser McKinlay left the meeting.

Simon Ebbett introduced the Communications digest, copies of which had been previously circulated.

Simon Ebbett invited Management Team to consider the key issues reported. Management Team noted the report and forthcoming announcement expected around the return to schools and nurseries for younger children. Management Team also noted the Scottish Labour leader campaign and welcomed the level of engagement through social media channels on Audit Scotland's outputs and ongoing recruitment campaign.

Following discussion, Management Team welcomed the report and agreed it would be helpful for this report to be shared more widely with Leadership Group.

Action(s): Communications team to circulate a copy of the Communications Digest to Leadership Group each month. (ongoing)

8. Hotlist of audit issues and Statutory report log

Gordon Smail introduced the Hotlist of audit issues and Statutory report log, copies of which had been previously circulated.

Gordon invited Management Team to consider and agree any actions that are required in response to the issues reported.

Management Team considered the issues highlighted, reflected on the funding for audited bodies in response to Covid-19 to meet the demand on public services coming through, discussed the priorities for the work programme and noted developing section 22 and 102 reports at this early stage.

Following discussion, Management Team welcomed the report.

Gordon Smail and Carolyn McLeod left the meeting.

9. Covid-19 verbal update

Fraser McKinlay and David Blattman re-joined the meeting and Martin Walker, Associate Director, Corporate Performance and Risk, joined the meeting.

Martin Walker provided a verbal update on developments in relation to Covid-19.

During discussion, Management Team noted the update including testing for the new variants of the virus which has been detected in the UK, the acceleration of the vaccination programme and the forthcoming announcement from the First Minister later in the day, previously highlighted at item 7.

Following discussion, Management Team welcomed the discussion.

Simon Ebbett and David Blattman left the meeting.

10. Review of Risk management framework

Martin Walker introduced the Review of Risk management framework report, copies of which had been previously circulated.

Martin Walker invited Management Team to consider the interim review of the risk framework in light of the impact and actions in response to Covid-19.

During discussion, Management Team considered the risk management framework and agreed the risks set out and which appear on the risk register are comprehensive. Management Team considered the proposal for a temporary suspension of risk interrogations to keep focus on the risks which appear in the risk register.

Following discussion, Management Team agreed with the proposal to pause risk interrogations and advised they would welcome a review of Incident Management Team's work during the pandemic, how this has operated, frequency of meetings and any lessons learned.

Action(s): **A review and lessons learned of Incident Management Team to be scheduled. (March 2021)**

11. Annual assurance and statement of control process 2021

Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.

Gayle Fitzpatrick introduced the Annual assurance and statement of control process 2021 report, copies of which had been previously circulated.

Gayle invited Management Team to consider the report and agree its submission to the Audit Committee for its meeting on 3 March 2021.

During discussion, Management Team noted the comprehensiveness of reporting and welcomed the assurance provided by the statement of control process.

Following discussion, Management Team sought clarification and assurance on a number of reports scheduled prior to submission to the Audit Committee.

12. Cooperation between External and Internal auditors

Gayle Fitzpatrick introduced the Cooperation between external and internal auditors report on behalf of BDO, copies of which had been previously circulated.

Management Team were invited to note the content of this report and agreed for the report to be submitted to the Audit Committee meeting on 3 March 2021.

Following discussion, Management Team welcomed the report.

13. Data incident/loss report

Gayle Fitzpatrick introduced the Data incident/loss report, copies of which had been previously circulated.

Management Team were invited to note this report and agree for the report to be submitted to the Audit Committee meeting on 3 March 2021.

During discussion, Management Team considered the incidents reported, all of which were minor incidents and the overall number of incidents remain low for the year, demonstrating awareness and commitment of colleagues to information security while adapting to the challenges of remote working during the pandemic.

Following discussion, Management Team agreed the report be submitted to the Audit Committee for its consideration.

14. Draft Audit Committee agenda: 3 March 2021

Management Team noted the proposed agenda for the Audit Committee meeting on 3 March 2021.

Martin Walker and Gayle Fitzpatrick left the meeting.

15. Draft Accounts Commission Committees agenda: 25 February 2021

Paul Reilly, Secretary to the Accounts Commission, joined the meeting.

Paul Reilly introduced the draft Accounts Commission Committees agenda for 25 February 2021, copies of which had been previously circulated.

Paul invited Management Team to note the agendas for the meetings of the Accounts Commission's Committees on 25 February 2021.

Following discussion, Management Team noted the agendas for the Committees meetings.

Paul Reilly left the meeting.

16. Draft Management Team agenda: 16 February 2021

Management Team noted the proposed agenda for the meeting on 16 February 2021.

17. Any other business

There was no other business for discussion.

18. Date of next meeting

The next meeting of Management Team will take place on 16 February 2021.