MINUTES

Audit & Risk Committee Meeting

11.00am – 2.30pm

16 June 2022

Edinburgh Training & Conference Venue 16 St Mary's Street, Edinburgh, EH1 1SU

Present:

David Brew (DB)	Chair and Board Member
Carol Main (CM)	Board Member
Duncan Cockburn (DC)	Board Member
Yahya Barry (YB)	Board Member
Brian Montgomery (BM)	Non-Board Member

In Attendance:

Neil Maclean (NM)	Audit Scotland
Elizabeth Young (EY)	Azets
Andrew Diffin (AD)	Azets
Stephen Vallely (SV)	Finance, Manager
Ian Stevenson (IS)	Director Finance, Creative Scotland
Vickie Ambrose (VA)	Information & Records Management Officer (Item 7)
Gordon Barnes (GB)	Digital Manager (Item 9)
Roseann Clark (RC)	Executive Assistant (Note taker)

1.0	**Apologies and declarations of interest**
2.0	**Draft Minutes of the Audit and Risk Committee – 31 March 2022**
2.1	DB noted that Audit and Risk Committee minutes for meetings taking place from 1 April 2022 will be published on CS's website. The Committee approved the minutes.

3.0	**Previous meeting action update and Matters Arising**
3.1	IS provided an update on the status of outstanding actions and how they were being addressed.
4.0	**Internal Audit Plan/Charter**
4.1	EY introduced AD as the Azets Internal Audit Manager who will carry out the day-to-day internal audit work. AD presented the draft 2022/23 audit plan with 2023/24 and 2024/25 presented for further context. AD noted that the 2 other years will be subject to annual approval and will be amended with the agreement of the Committee to reflect current business risks. The 2022/23 Plan has been devised based on analysis of the current Corporate Risk Register.
4.2	DC recognised that Azets had been appointed as auditors on 1 April 2022 but requested that future audit plans be considered at the March meeting in order to spread reviews more evenly throughout the year. **Action IS**
4.3	YB queried whether more days should be considered for the review of Digital. It was agreed that an annual review should take place to cover the key Digital risks in each year. **Action IS**
4.4	IS noted that discussion had taken place with Azets as to whether the Future Funding Framework (FFF) should have its own review or be included within the Funding review. The Committee agreed that the FFF should have a separate 2-stage audit with a first review of the current position and a second one following funding decisions. To help Azets understand FFF risks it was agreed that they should be invited to the FFF part of the 20 July Board with key documents and a briefing being provided to them in advance. **Action: IS**
4.5	The Grants Funding Administration review was discussed and, although it was agreed that it was an important review of key processes, it was concluded that the allocated 7 days could be reduced. Azets were requested to reassess the number of days allocated to this audit and allocate some of the days to Digital and FFF.
4.6	It was agreed that the Stakeholder Engagement review should be deferred from 2022/23 to accommodate the additional work on Digital and FFF.
4.7	It was agreed that a revised plan should be circulated to the Committee for approval when available. **Action IS/EY/AD**
5.0	**2021/22 Annual Report and Accounts (ARA) –process and disclosure update**
5.1	IS provided a brief overview of the document noting that, in relation to the ARA performance report, many of the performance indicators rely on data returns from RFOs which are not received and consolidated until late November, which therefore does not align with the ARA timetable. Making the RFO data submission deadline earlier and shortening the time for

	consolidation by the CS Knowledge and Research (K&R) Team would adversely affect resources in both areas, hence why it is recommended that the current ARA performance reporting approach continue.
5.2	DC commented that the ARA performance report had been raised for a few years and resolution of it would be beneficial but recognised that it would be pragmatic to remain with the current approach rather than alter the RFO data collection process with relatively short notice.
5.3	The Committee requested that, as earlier return of the equivalent of the RFO data will be required in 2023, RFOs be requested to try to provide the data earlier in 2022. They also requested that in 2023 earlier data submission deadlines be put in place that align with the ARA. **Action: IS to liaise with K&R**.
5.4	The Committee agreed with the proposed approach re the ARA Performance Report.
5.5	SV provided an overview of the reporting changes required by the Financial Reporting Manual and these were noted by the Committee.
6.0	**Review of Board approval coversheet**
6.1	IS noted that this was matter was referred to the Committee in the May Board.
6.2	The Committee agreed that the schedule should be revised to include, for the relevant budget line, the total budget, spend to date (including the approval request) and the remaining spend available. This should include any other financial years that are impacted. **Action IS**
7.0	**Data Protection Annual Report**
7.1	VA provided an overview of the report noting that, since it had been issued, the Zkipster and ThirdLight DPIAs have moved from a red to an amber status and a meeting has been arranged to progress CS's Zoom DPIA. The Committee and VA discussed the DPIA process and the progress that had been made and the areas for further improvement.
7.2	VA briefed the Committee on the Data – A New Direction Consultation which was published by the UK Government in September 2021 regarding proposed reform of data protection law in the UK with a publication of the response was scheduled for Spring 2022. VA noted that there is much speculation as to its impact on individuals' data, organisations and adequacy arrangements between the UK and EU.
7.3	CM thanked VA for the recent Board member data protection briefing.
7.4	The committee noted the report thanked VA for her update.
8.0	**Policy Review Update**
8.1	IS provided a brief update on the policy review schedule, noting that reviews had been deprioritised due to COVID emergency funding.

8.2	IS noted that certain policy updates will address outstanding audit points and the Registration of interest policy will align with the Board arrangements going forward.
8.3	The Committee noted the update.
9.0	**Digital Update**
9.1	GB provided an update on progress in this area and the status of recent Internal Audit Recommendations. It was noted that the tender for the new Finance system was nearing completion with the new ledger planned to be in place by late summer.
9.2	YB noted the use of third-party suppliers and requested an update on team recruitment. GB responded that of the 7 roles in the team there is one vacancy for a front-end developer and that this role is currently being fulfilled by a contractor as although recruitment is ongoing there is significant demand for this skillset in the wider market. GB also noted that there is a back-end developer contract to provide additional resource to discharge current workload.
9.3	The Committee agreed on the importance for staff to visit the office to ensure they receive their new devices and updates.
9.4	The Committee noted the update.
10.0	**Outstanding Internal Audit Recommendations Status Review**
10.1	IS provided an update on the status of recommendations, noting the progress made since the last meeting
10.2	IS noted that in the 10 weeks since the last meeting, 7 recommendations have been assessed as complete or practically complete and 6 recommendations have been assessed as either superseded or no longer relevant.
10.3	DB requested that the due date column be included in Appendix 3 and ownership/responsible officer. Also, there should be discussion with VA re updating the outstanding recommendations for which VA is responsible. It was agreed that IS would circulate the amended document prior to the August meeting with input from Azets. **Action IS**
11.0	**Corporate Risk Register Review**
11.1	IS provided an overview, noting that 3 risks have been removed due to the change in the pandemic situation with 3 pandemic-related risks remaining. One risk has been added regarding the management of ongoing programmes as discussed at the last Committee. The Committee agreed that the impact score for the new risk should be increased to 5 and further work should be done on the mitigating actions. **Action IS**
11.2	IS updated the Committee on the status of 2022/23 Scottish Government (SG) budget, the recent Resource Spending Review, discussion on the

	implementation of the SG Pay Policy and the announcement of the SG's plans for an Independence Referendum. The Committee agreed that procurement of the new finance system should still proceed as a priority given its importance.
11.3	The Committee noted that there is a Board risk workshop on 4 August and that this would enable a refresh of the risk register to take place and be discussed at the August Committee meeting.
11.4	The Committee noted the current risk register.
12.0	**Other Governance Matters**
12.1	IS noted that there are 2 useful Audit Scotland reports on COVID funding and Whistleblowing which the Committee may wish to read.
13.0	**Next Meeting Draft Agenda and timing**
13.1	The draft agenda for the next meeting was agreed.
13.2	It was agreed to hold the next meeting in Waverley Gate with a start time of 1.30pm.
14.0	**Any Other Business**
14.1	There was no other business to discuss.