

**Risk Management Authority**  
**AUDIT COMMITTEE MEETING**  
**15 February 2016, RMA, Paisley**

**MINUTES**

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**Present:**

Mr Stephen Swan, Chair  
Mr Chris Hawkes, Board Member  
Prof. Hazel Kemshall, Board Member

**In attendance:**

Mr Paul Keoghan, Director of Business Performance  
Mr Asif Haseeb, External Auditor, Audit Scotland  
Mr David Docherty, External Auditor, Audit Scotland  
Mr Jim Montgomery, Internal Audit Manager, Scottish Government Internal Audit  
Ms Alison Thomson, Internal Auditor, Scottish Government Internal Audit

**Apologies:**

Ms Yvonne Gailey, Chief Executive

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**1. Introductions**

1.1. The Chair called the meeting to order and welcomed those in attendance.

**2. Apologies**

2.1. The Chair noted apologies were received from Ms Yvonne Gailey.

**1. Declarations of Interest**

1.1. The Chair enquired if Committee Members wished to record any declarations of interest.

1.2. The Chair noted no declarations of interest required to be recorded.

**2. Minutes of meeting on 19 October 2015**

2.1. The Committee reviewed the minutes of the meeting held 19 October 2015 and agreed it was an accurate record of the meeting'.

**3. Matters Arising**

3.1. The where no matters arising noted

#### **4. Annual Audit Plan – Audit Committee Paper 220**

- 4.1. Mr Haseeb introduced the Annual Audit Plan to the Committee advising that this is the final year of their 5 year appointment.
- 4.2. Mr Docherty provided the Committee with an overview of the Annual Audit Plan and informed the Committee that materiality is set at £10,000 which is based on the 1% of the gross expenditure. In addition to this Audit Scotland will also report to management on the statements identified which are greater than £1,000. Mr Docherty explained that audit materiality can be defined as the maximum amount by which Auditors believe the financial statements could be misstated and still not expected to affect the decisions of users of financial statements.
- 4.3. Mr Docherty reviewed the audit timetable which sets out the agreed key dates for the annual audit process. Mr Docherty also reviewed the key risks identified from the previous audit and informed the Committee the audit fee for 2015/16 will remain unchanged at £6,500.
- 4.4. The Committee noted the contents of the Annual Audit Report.

#### **5. Corporate Risk Register Review – Audit Committee Paper 221**

- 5.1. The Director of Business Performance introduced the Corporate Risk Register to the Committee advising that all risks remain unchanged with no new or added risks.
- 5.2. The Director reminded Members it was agreed the Committee would conduct a 'deep dive' on the following risk items:
  - 5.2.1.O4 - The RMA's Research and Training programme is not deliverable
  - 5.2.2.R1 - Security systems inadequate, allowing disclosure of confidential information
  - 5.2.3.E3 - The Risk of the RMA not being able to fulfil its statutory duty to advise ministers in relevant areas.
- 5.3. The Committee agreed to conduct the "deep dive" for risk item R1 and the remaining two risks be deferred to a future meeting. The Committee agreed it would be beneficial to have a short briefing submitted from the Senior Management Team in relation to the risks being reviewed. It was agreed a briefing on either risk O4 or E3 would be prepare for the March Committee Meeting.

**Action: DBP**

- 5.4. The Director of Business Performance provided the Committee with an overview of the status of Risk R1 (Security systems inadequate, allowing disclosure of confidential information). The Director reported the current risk score for this risk item was 4 placing it at the lowest end of the Medium category. The Director informed Members the risk score was devised from a Likelihood score of 1 and an Impact score of 4 and that the risk score had

remained unchanged for the past 12 months. The Director also reported the following mitigating actions were taken over the last 12 months are:

5.4.1. The RMA developed a Records Management Plan and obtained approval from the Records of the Keeper. The plan is published on the RMA website.

5.4.2. eRDM was implemented to support OLR Case Management activities and plans developed to roll out over remaining activities by mid 2016.

5.4.3. An electronic system (Boardbooks) was implemented which allows the RMA to communicate documents with Board Members in a more secure manner.

5.4.4. The RMA utilises the Scottish Government IT system (SCOTS) and relies upon protocols within ISIS (SG IT Dept) to ensure all electronic data is backed up and stored securely. Annual meetings are held with ISIS to review efficiencies and performances in this area. There are no concerns to date.

5.4.5. The RMA has established a sharepoint facility which will support continuity planning and is reviewing the cost/benefit of moving staff from PCs to laptops when these items are up for renewal.

5.5. The Committee noted the update provided by the Director and were content with the assessment of this risk item.

5.6. The Committee reviewed all items with a risk score of 3 or less and queried whether such items should be "tolerated" and monitored rather than controlled under "treat" if considered that the risk was at an acceptable level. The Director agreed to review this matter in advance of the March meeting.

**Action: DBP**

5.7. The Committee noted the contents of the Corporate Risk Register.

## **6. Internal Audit Recommendations - Progress Report – Audit Committee Paper 222**

6.1. The Director of Business Performance updated the Committee on the progression of the Internal Audit recommendations:

6.1.1. Staff objectives will incorporate SMART criteria – implemented

6.1.2. Corporate Planning – currently being implemented. Workshops have been held with both Board and Staff, now completing the Corporate Plan for submission in March 2016.

6.1.3. Communications Strategy – this is scheduled for implementation in March 2016.

6.2. The Committee noted the contents of the Internal Audit recommendations progress report.

## **7. External Audit Actions – Progress Report - Audit Committee Paper 223**

7.1. The Director of Business Performance updated the Committee on the progress of the External Audit Actions:

7.1.1. Changes to FReM – The Director confirmed the RMA received a copy of the updated FReM following a meeting with the Auditors in October 2015. The Director informed the Committee a meeting was scheduled for Friday 19 February 2016 with the External Auditors to assess the impact of FReM on the RMA.

7.1.2. Ring fenced funding – The Director confirmed the RMA has adequate systems in place to identify costs for each ring fenced fund.

7.1.3. General Reserves – The Director confirmed the RMA met with the Sponsorship Department in October 2015 and advised them of the Auditors position with regards to general reserves. The Director stated the RMA budget submission for 2016-17 will provide options on the treatment of the general reserves for Scottish Government consideration.

7.2. The Committee noted External Audit Actions progress report.

## **8. Best Value Review 2014-15 – Audit Committee Paper 224**

8.1. The Director of Business Performance presented the Best Value Review 2014-15.

8.2. The Committee noted the contents of the Best Value Review 2014-15.

## **9. Committee Calendar - Audit Committee Paper 225**

9.1. The Director of Business Performance presented the Committee Calendar to the Committee.

9.2. The Internal Auditor advised the Committee that in regards to this year the approval of Internal Audit Plan and approval of Internal Audit MoU Report will not be completed for the March Committee meeting but will go to the June Committee meeting.

9.3. The Committee noted and approved the Committee Calendar.

## **10. Strategic Review of Internal Audit – Committee Paper 226**

10.1. The Internal Auditor presented the Strategic Review of Internal Audit to the Committee advising that the review has now concluded and the recommended actions have been accepted by Scottish Government which include:

10.1.1. Appoint at Director Level a Head of Internal Audit

10.1.2. Review structure and resourcing

10.1.3. Professionalising Internal Audit

10.2. The Committee noted the contents of the Strategic Review of Internal Audit.

## **11. AOCB**

11.1. The Internal Auditor apologised to the Committee for not submitting the Internal Audit Update and advised that a meeting was held with the Director of Business Performance to discuss the 2015/16 Audit Plan, including agreeing the Terms of Reference. The Committee were advised internal audit field work will commence on the 14 March 2016.

11.2. There being no further business the Chair thanked those for attending and closed the meeting.