

Audit and Risk Committee

Wednesday 19 July 2023

10am to 11am

Hybrid meeting - Pacific Quay Boardroom/Microsoft Teams

Minutes of meeting

Present:

Douglas Hutchens	Non-Executive Member	(Chair)
Keith Rosser	Non-Executive Member	(KR)
Stephanie Glavin	Non-Executive Member	(SG)
Dr Tom Mitchell	Independent Member	(TM)

Attending:

Gerard Hart	Chief Executive
Laura McCluskey	Deputy Chief Executive Business Strategy
Kenny Birney	Deputy Chief Executive Digital Strategy
Nicola McBain	Director of Corporate Services
Kathleen McInulty	Director of Safeguarding
Lynne McMinn	Director of Policy and Customer Engagement
Andy Cunningham	Deputy Director of Digital and Service Delivery
[redacted]	Senior Internal Audit (IA) Manager
[redacted]	Head of Strategic Finance
[redacted]	Head of Finance
[redacted]	Head of Corporate Governance
[redacted]	Deloitte

Apologies:

[redacted]	Internal Audit
[redacted]	Deloitte
[redacted]	Deloitte
[redacted]	Deloitte

Secretary:

[redacted]	Governance Manager
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Welcome and apologies

1. The Chair welcomed everyone to the meeting and the above apologies were noted.
2. The Chair commented that the draft Annual Report and Accounts had been circulated in advance of today's meeting.
3. The Executive Team were asked if they had anything they would like to highlight.
4. The Chief Executive highlighted that he had taken a different approach this year writing his foreword and welcomed feedback.
5. KR noted the change and style of the foreword, advising that it was good and more readable. Remarking on its candour and honesty.
6. KR commented on page ten, DS 25 Programme. Advising that he felt it lacked context on the strategic vision.
7. The Deputy Chief Executive Business Strategy agreed, and further context will be added upfront to the document to explain this.

Disclose, Protect and Promote

8. The Chair (DH) outlined technical jargon throughout the document and asked this be reviewed so as to not confuse readers.
9. In terms of development, we need to be mindful that Disclosure Scotland are delivering social outcomes, and not focusing on betterment in terms of the technology it can deliver. When we talk about betterment it is to deliver social services better and save public money. For better world outcomes.
10. TM, raised the following points:
 - reflecting on previous years' Annual Report and Accounts, it is evidence that the standard of reporting has improved over the years
 - there is a mixture of complexity and simplicity throughout the document. A full proofread is required ahead of publication
 - specialist or in-house terminology used throughout the document, without explanation to what this means
 - for example, an internal rating of substantial will not mean anything to the average reader
11. The Director of Corporate Services, addressed the formatting issues raised, advising this will be corrected by our Communications Team before publishing.
12. KR agreed with the points raised by TM, advising the following errors that he picked up on as follows:
 - Page 34, refers to January 2022, it should say January 2023
 - Page 52, there is no reference to SG regarding remuneration.

- Page 8 lends itself to a good formatting piece, where text could be highlighted and jump out in boxes to catch the attention of the reader.
13. DH pointed out that SG, is a current civil servant at Social Security Scotland, therefore does not receive remuneration for her time spent on the Disclosure Scotland Board and Audit and Risk Committee and that this information should be captured within the Annual Report and Accounts.
 14. SG shared her comments, reiterating what the other members said about jargon and the requirement for plain English, advising that she would share more on this via email.
 15. SG advised that within the finance section, two different budgets are reported on. SG feels it acceptable to focus on one area, such as expenditure.
 16. SG also noted that, there was no mention of pensions in this section, and this should be added. There should be a footnote also added to explain SG's position as a current civil servant.
 17. Head of Finance agreed for completeness a footnote is to be added.
 18. An update was then provided by the Head of Finance on the audit from a finance perspective.
 19. A first-year audit, with a new external audit team is always challenging to learn how they work and for them to understand Disclosure Scotland as an Executive Agency of the Scottish Government. Currently nothing material at this stage to call out, however if the position changes, then this will be highlighted to the Audit and Risk Committee.
 20. A couple of minor wording changes to be made to the report, however this will not cause any impact on what is being discussed at today's meeting.

21. External Audit, Deloitte summarised that there were no current issues with the audit and if anything changes then they will alert the Head of Finance.
22. The Chair added, that on pages 33 and 40, there is no mention of the previous Advisory Panels in place last year when we talk about the change structure. This should be added as it is an important part of governance and explain the reasons why the changes were made.
23. In addition, the Chair noted that, the Director of Corporate Services was listed as the Chair for the DS 25 Programme Board. This is incorrect and should be changed to the Deputy Chief Executive – Business Strategy.
24. The Chief Executive added that a section could be added to say that we are constantly learning and evolving our governance structure within the organisation. This should not be seen as a flaw but that we are actively learning from experience.
25. The Chair, DH, agreed with the Chief Executive, but raised concerns that we are not explaining the change from the advisory boards that was the main governance structure, to the new programme boards.
26. The Chair, DH, went on to say that another point that TM touched on was that Disclosure Scotland has had a good year, and this message does not appear to be coming through strong enough. It should be evidenced the good outcomes that have been achieved over this reporting period, and that we are happy with the direction the organisation is going in.
27. The Head of Finance advised that a balanced position needs to be outlined and therefore both the successes and challenges of the year have been highlighted.
28. External Audit, Deloitte noted their advice on this matter.

29. The Director of Corporate Services added that we are at a certain stage in the audit, and we have had several comments from Deloitte along with those from today. With the comments on governance and strategy being on point.
30. The Head of Corporate Governance asked if there was comment on the draft audit opinion being added to the Annual Report and Accounts. The Committee agreed this was suitable.
31. Committee members went on to discuss that these accounts belong to Disclosure Scotland and are not owned by the external auditors.
32. The Head of Finance made comment, that there were a lot of points made by Deloitte, and that helpful and constructive discussions have been had throughout the audit process.
33. The Chair noted that ownership and opinion are two different things.
34. The Chair then asked the members to come back with any further comments no later than close of play the following day, 20 July.
35. The Deputy Chief Executive – Digital, advised the Committee that he has since resigned to Disclosure Scotland and the Scottish Government.

Meeting Closed.

Next meeting: 15 August 2023 1:30pm to 4:30pm hybrid

Action	Responsible	Due by	Status
<p>Action 01/February: Ensure Stephanie Glavin is invited to the Audit and Risk Committee in March.</p>	<p>Head of Corporate Governance</p>		<p>Stephanie attended March meeting and invites have been extended for the rest of the year.</p> <p>Action closed.</p>
<p>Action 02/February: Move the date of the September Audit and Risk Committee meeting to fit in with Scottish Government timescales on completing the Annual Report and Accounts.</p>	<p>Head of Corporate Governance</p>		<p>This meeting has been rescheduled.</p> <p>Action closed.</p>
<p>Action 03/February: Make improvements to the readability of the Risk report.</p>	<p>Head of Corporate Governance</p>		<p>This is contained within the risk agenda item.</p> <p>Propose this action is closed.</p>
<p>Action 04/February: Review the finance budget risk and ensure finance horizon risk is drafted.</p>	<p>Head of Finance</p>		<p>Three new Finance risks have been drafted and new Finance Strategy to be discussed as part of today's meeting.</p> <p>Propose this action is closed.</p>
<p>Action 05/February: Collate all the existing Leadership Teams' thoughts on the Assurance Mapping template and then come back to the Audit and Risk Committee with one agreed template and the detail of why that template has been selected. A deep dive on assurance mapping to be included in a future Audit and Risk Committee meeting.</p>	<p>Head of Change Management</p>		<p>Assurance Mapping workshop took place and Head of Change collating the information. Further discussions will be completed by correspondence.</p>

Action	Responsible	Due by	Status
Action 06/February: Correct error in cover paper Under Data Security Incidents over last 4 quarters - QTR. 4 – 2021 should read as QTR. 4 – 2022.	Deputy Chief Executive Business Strategy		Updated.
Action 07/February: Develop a strategic risk around change	Director of Chief Executive Office		Following the Deep Dive, a risk was drafted and shared with the Corporate Risk Review Group.