

Audit and Risk Committee
Wednesday 7 September 2022
2pm to 5pm

Hybrid Meeting (Pacific Quay and Microsoft Teams)

Minutes

Present:	Douglas Hutchens	Non-Executive Member (Chair)
	Stuart Smith	Non-Executive Member
	Keith Rosser	Non-Executive Member
	Dr Tom Mitchell	Independent Member
Attending:	Gerard Hart	Chief Executive
	Laura McCluskey	Director of Operations and Strategic Change
	Kenny Birney	Digital Programme Director
	Nicola McBain	Director of Chief Executive Office
	Kathleen McNulty	Head of Safeguarding
	[Redacted]	Head of Finance
	[Redacted]	Head of Corporate Governance
	[Redacted]	Internal Audit (IA) Manager
	[Redacted]	Head of Strategic Finance
	[Redacted]	Partner, Azets
Observers:	[Redacted]	Accountant, Disclosure Scotland
	[Redacted]	Disclosure Services Officer
Apologies:	Lynne McMinn	Director of Policy, Customer Engagement, Finance and Communications
	[Redacted]	Senior Internal Audit (IA Manager)
	[Redacted]	External Audit (EA), Senior Manager, Azets
Secretary:	[Redacted]	Executive Assistant

Welcome and apologies

1. The Chair welcomed everyone to the meeting and introduced the observers.

Declaration of interests

2. None.

Previous minutes and actions register

3. The minutes were noted as a true and accurate reflection of the meeting. All actions with exception of the following were closed:
 - **Action/Feb/02:** Data Protection Officer present the findings of the data protection governance review to the Audit and Risk Committee.

Chief Executive update

Performance

4. The organisation continues to operate within the service level agreement. Applications under the Ukraine scheme are being processed within two days although numbers have decreased. Free Covid checks have now stopped.
5. A submission has been sent to the Minister to re-consider our request to advertise the basics product.
6. Fifteen new staff have recently joined Disclosure Scotland as permanent civil servants, allowing the release of some agency staff.
7. Due to the current budgeting challenges in the Scottish Government, Disclosure Scotland has been asked to seek out additional opportunities for

savings to deliver positive benefits and relieve pressure. Options will go to the Ministers for consideration.

8. DH asked if we had been set a target to achieve.
9. GH responded that we had not, but had been asked to provide as many opportunities for savings as possible.
10. SH commented that the ability to advertise basics would help increase income and contribute to the budget pressures.

Hybrid working

11. Hybrid working is going well, with around 40 percent of staff returning to the office. Staff have been given clarity on expected parameters and team plans have been put into place which have contributed to the increased percentage.

Final report on audit of 2020/21 annual accounts

12. The Chair, on behalf of the committee, thanked the External Audit Partner and his team for their audit input and support over the last six years. This has played a big part in Disclosure Scotland's journey to where we are today.
13. The External Audit Partner thanked the Chair and commented on the privilege of working with Disclosure Scotland noting that the organisation has come a long way in that time.
14. GD confirmed the work on the financial statements is now complete and External Audit have provided an unqualified report with no material amendments.

15. GD noted the report is positive with the organisation coming out well across all four key areas. A green rating was received for governance due to the improvements made over the last few years and the other three areas received a yellow rating with some minor advice/improvements needed.

GD thanked the Head of Finance and his team for all their hard work.

16. GH added that Azets has been a valuable part of the journey Disclosure Scotland is taking. This has helped the organisation to innovate and think strategically. The green rating for governance highlighted the hard work of the Director of Chief Executive Office and her team.
17. The Committee congratulated the finance team and other staff involved for this very positive report.
18. SS commented that some of the minor improvements noted in the final report are already being acted on by the Director of Operations and are being discussed within the Business Improvement Advisory Panel. Furthermore, the Head of Strategic Finance is collating the significant efficiencies the organisation has achieved over the last two years, which will be submitted to the committee in due course.
19. GH added that the next phase of work begins. We need to focus on value for money and delivery of the public service at a standard we want to deliver in safeguarding the public from harm.
20. TM reiterated all the remarks made. In the recommendations the workforce planning and financial capital planning have been highlighted for some time and can these be completed or will they continue year on year.

21. NMcB confirmed the People Strategy is nearing completion. This was delayed due to other priority work. The Workforce Planning Group is now in place and building momentum. An internal audit has started around capacity and capability and will look at workforce planning and provide advice on the approach we are planning to take and provide assurance on the work already done.
22. GH confirmed that the new Head of Strategic Finance will provide a strategic look ahead which will assist with the financial planning of the organisation.

Disclosure Scotland ISA 580 Report

23. The Committee were asked to note the contents of the Accountable Officer's letter of representation under ISA 580.
24. The Senior Governance Manager confirmed that the letter will be signed on 9 September along with the Annual Report and Accounts.

Annual Report and Accounts

25. The Accountable Officer presented the Annual Report and Accounts for 2021–22. The committee noted the good report and thanked all staff involved in the development of the Annual Report and Accounts.

Deep Dive Safeguarding

26. The Director of Safeguarding provided an overview of, with an in-depth examination into five risks around our safeguarding activities.
27. The committee shared its thanks for the informative session which allowed for a focus on the areas of risk and for providing assurance around mitigations and on-going work.

Annual ARC Self-assessment

28. It was agreed that the Director of the Chief Executive Office and the Chair would review the comments in the self-assessment, and work to a resolution and revert back to committee in due course.

Action/01/September: Director of the Chief Executive Office and the Chair to review the comments in the self-assessment, work to a resolution and revert back to committee.

Finance update

29. The Head of Finance provided an update on the current financial position covering period 4 (1 April 2022 to 31 July 2022), summarising the main points around the overall underspend, staffing costs (including the pay award) and the current income position.

Quarterly review of risk register

30. The Head of Corporate Governance presented the Committee with an update on the current risk profile noting one risk (Disaster Recovery) had been reduced from red to yellow.

Internal Audit

31. AT introduced herself as the new Internal Audit Manager and provided a progress report on activity since the last meeting in May. It was noted that assurance mapping is planned for Quarter 4.

32. GD recommended to liaise with Police Scotland on assurance mapping and the work they have done. DH recommended to contact the Board Secretary at NHS Education Scotland on the work they have done in this area.

Action/02/September: Director of Chief Executive Office to liaise with Police Scotland on assurance mapping.

Audit recommendation tracker

33. The Director of Chief Executive Office provided an update on the audit tracker and asked for the committee's ratification of closure of seven recommendations as they are considered complete.
34. The Committee accepted closure of five recommendations. Two recommendations did not provide enough evidence within the tracker for the Committee to ratify as closed.
35. The Committee suggested introducing a formal closing statement when a recommendation is being put forward for closure. The statement should refer to the original ask of the recommendation and provide an evidence-based statement as to why it is proposed for closure.

Action/03/September: Senior Governance Manager to action the introduction of a formal closing statement in the audit recommendation tracker. Ratification of closure for two outstanding recommendations to be endorsed out with committee when this action is complete.

AOB

36. The Chair noted the Terms of Reference have been updated under "meeting attendees" to include Director of Safeguarding. The committee endorsed the change and agreed the updated version was not required to be distributed.

Next Meeting: 23 November 2022 10am to 1pm

Hybrid Meeting: Pacific Quay/Microsoft Teams

Action	Responsible	Due by	Status
<p>Action/Nov/05: Director of Operations and Strategic Change liaise with external audit for advice on how to articulate manual interventions and resourcing requirements.</p>	LMcC	31 December 2021	Closed
<p>Action/Feb/01: Senior Governance Manager prepare a paper on hybrid governance meetings for Board and ARC consideration and endorsement</p>	[Redacted]	31 March 2022	Closed
<p>Action/Feb/02: Data Protection Officer present the findings of the data protection governance review to the ARC</p>	[Redacted]	Quarter 4 2022	<p>Ongoing</p> <p>The Data Protection Review was postponed due to other priorities including Drive Management however a lot of what was due to be in the review has been ongoing as business as usual. The scope of the review may have changed and does need further discussion by the Leadership Team.</p>

Action	Responsible	Due by	Status
Action/Feb/03: Senior Governance Manager add deep dive on digital design and delivery to calendar of business	[Redacted]	31 March 2022	Closed
Action/01/May: Senior Governance Manager add agenda item of 'Succession Planning' to the calendar of business.	[Redacted]	31 May 2022	Closed
Action/02/May: Head of Finance detailed report on staffing costs.	[Redacted]	30 June 2022	Closed
Action/03/May: Senior Governance Manager update the ARC annual statement and distribute out with committee for endorsement.	[Redacted]	31 May 2022	Closed
Action/04/May: Senior Governance Manager to upload any embedded documents within papers separately.	[Redacted]	Next Meeting	Closed
Action/01/September: Director of the Chief Executive Office and the Chair to review the comments in the self-assessment, work to a resolution and revert back to committee.	NMcB DH	15 September 2022	Closed The Chair, Director of Chief Executive Office and Senior Governance Manager met to discuss the outputs and have put actions in place to progress the key items identified.

Action	Responsible	Due by	Status
<p>Action/02/September: Director of Chief Executive Office to liaise with Police Scotland on assurance mapping.</p>	<p>NMcB</p>	<p>3 October 2022</p>	<p>Closed Senior Governance Manager met with SPA on 22 September to review and discuss their approach to assurance mapping which has informed Disclosure Scotland's approach.</p>
<p>Action/03/September: Senior Governance Manager to action the introduction of a formal closing statement in the audit recommendation tracker. Ratification of closure for two outstanding recommendations to be endorsed out with committee when this action is complete.</p>	<p>[Redacted]</p>	<p>3 October 2022</p>	<p>Closed Closing statement column now added to tracker and owners must provide this if they wish to propose their recommendation for closure.</p>