

ENVIRONMENTAL Standards Scotland

Minutes of Environmental Standards Scotland Audit and Risk Committee

18 October, 14:00 – 16:00
(Held on MSTeams)

Present

Marie Fallon (MF) Chair
Richard Dixon (RD) Member

In attendance

Executive Team:

Brendan Callaghan (BC) Interim CEO
Rebecca Peppiette (RP) Head of Secretariat
James Aldred (JA) Business Manager (Minutes)

Scottish Government Internal Audit:

Iain Burns (IB) Lead Senior Internal Audit Manager
W Douglas Falconer (DF) Internal Audit Manager

1.	Welcome and declarations of interest MF welcomed all attendees to the meeting. BC's declaration of interest as a part owner of forestland in receipt of grants from Scottish Forestry, and as a partner in a local community wood energy scheme, remained current.
2.	Minutes and matters arising Under item 2 of the draft minute, the Committee requested that: a) the line "The Committee 'requested' that Terms of Reference [etc.]" be amended to state 'The Committee 'required' that the Terms of Reference [etc.]. b) the sending of appointment letters for Committee members be included on the list of Matters Arising. The minutes were approved subject to these amendments.
3.	Budget RP introduced the budget, noting that ESS' new Scottish Government finance business partner had reviewed the assumptions and forecasting and confirmed alignment with Scottish Government expectations. RP reported that the ESS SEAS finance system was due to go live by the end of the month, and the Committee voiced their thanks to the Transition Team and SEAS setup team for their work towards this milestone.

	<p>RP confirmed that contingencies were being held against the IT and accommodation budget lines, and that notes would be included in the October Board papers to set this out. In addition, further information would be supplied to the Committee on the expected schedule of payments for the remainder of this financial year.</p> <p>On the timing of accounts, BC set out the Executive Team’s recommendation to produce these after eighteen months given the requirement for: external expertise; associated procurement requirements; and the limited nature of the information that could be included with reference to vesting occurring during a financial year. Internal Audit representatives recommended that ESS propose this approach to the Scottish Government, and the Committee supported this recommendation.</p>
<p>4.</p>	<p>Risk statement, policy and register</p> <p>The Committee and internal audit representatives discussed the risk statement and policy, and associated risk register. It was recommended that:</p> <ul style="list-style-type: none"> • The number of risks be reduced by bringing together those in similar categories. • That risk scoring be reconsidered to bring different categories in line with each other, and to reflect a longer-term consideration of risk. <p>The Committee requested that a revised version of the register be brought to the next Committee meeting for approval and submission to the Board. It was further recommended that once this work was completed, that background information be kept on the rationale to each risk, including a record of any changes to scoring in order to monitor trends.</p>
<p>5.</p>	<p>Committee Governance</p> <p>The Committee reviewed the draft Terms of Reference and requested minor amendments as follows:</p> <ul style="list-style-type: none"> • At 2.4 and 2.5, that it was sufficient to name the Board membership in general terms as opposed to naming individual members. • At 4.1, to move ‘where appropriate’ from before ‘proposals for tendering’ to before ‘anti-fraud policies’. • At 9.1, to amend the expectation of External Audit reports. • To consider reference to terms of appointment and mechanisms for appointment and re-appointment at the October Board meeting, for both Board and co-opted Committee members.
<p>6.</p>	<p>Recruitment of Co-opted Member</p> <p>The Committee discussed options on recruitment of a co-opted Committee member, and confirmed that there was not an urgent requirement for this</p>

	<p>appointment currently. RP undertook to bring a draft job description and set of responsibilities, and a proposed approach to recruitment, to the next meeting of the Committee.</p>
7.	<p>Internal Audit</p> <p>Internal Audit representatives introduced the draft Memorandum of Understanding (MOU), noting that it set out arrangements for the provision of the internal audit service and the expectations incumbent on both sides. The final version would be signed by BC as Accountable Officer and IB as Internal Audit manager, with provision for review in future as required.</p> <p>The Committee requested amendments to the MOU as follows:</p> <ul style="list-style-type: none"> • At 1.8, to amend ‘any person outside of the Client’s organisation or the Scottish Government’ to ‘or the Internal Audit Division’. • At 1.8, to clarify the statement ‘unless expressly required by statute of judicial decree’. • At 1.9, to clarify access to the eRDM folders in which Internal Audit documents are stored. • At 2.2, to clarify that ESS’ Internal Audit Sponsor would be the Accountable Officer. • To consider including Audit & Risk Committee comment on draft Terms of Reference under client responsibilities in Annex A, and/or in the Committee’s Terms of Reference, at BC’s discretion. <p>The draft MOU was approved subject to these amendments.</p>
8.	<p>AOB and forward meeting dates</p> <p>The proposed revised forward meeting dates were approved.</p>

Marie Fallon
Chair, Audit and Risk Committee
10 December 2021