

Minutes of Audit and Risk Committee, 18 January 2022

Minutes of Environmental Standards Scotland Audit and Risk Committee

18 January, 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

Interim Governance Advisor:
 Eleanor Ryan (ER) – for item 7

1.	<p>Welcome and declarations of interest</p> <p>The Chair welcomed all attendees to the Audit and Risk Committee (the Committee) meeting.</p> <p>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.</p>
2.	<p>Minutes and matters arising</p> <p>The minutes of the previous meeting were agreed for submission to the Board.</p> <p>Regarding the delegated financial limits, RP noted that these were being reviewed for alignment with Procurement guidelines, and that a revised version would be brought back in due course.</p> <p>RP reported that the letters of appointment to the Committee were being finalised with some minor corrections and would be circulated shortly.</p>

<p>3.</p>	<p>Finance</p> <p>RP introduced the budget paper, noting that additional accommodation space had been secured within Thistle House, meaning that the contingency against a possible office move could be released. The Parliamentary Finance Bill had been published with a rounded value of £2.2m for ESS' allocated budget. However, the actual allocated budget was £2.192m.</p> <p>The Committee requested:</p> <ul style="list-style-type: none"> • That the approach to calculating expected claims from Board and Committee members be clarified within the budget that will be shared with the Board; • That the communications section be clarified to note that the costs of externally procured services were expected to reduce once the internal communications officer was recruited; • That the Board be asked whether it would be sufficient to receive the summary table as opposed to the full detail. <p>The report was approved for submission to the Board.</p>
<p>4.</p>	<p>Risk management and assurance</p> <p>BC introduced the report and the updated register, noting the diminished financial risk now that ESS' allocated budget had been confirmed.</p> <p>The Committee requested:</p> <ul style="list-style-type: none"> • That a version control be added to the register and amendments prior to submission to the Board; • That the Executive Team consider whether the prolonged impact of the Coronavirus pandemic might have implications for staff morale and performance; • That actions with dates in the past be reviewed for progress and revised accordingly. <p>The register was approved for submission to the Board subject to these amendments.</p>
<p>5.</p>	<p>Governance</p> <p>JA introduced the approach to forward meeting planning, noting this was based on the Scottish Government's example Annual Core Work Programme and would be used as a framework for further development with the support of the appointed Interim Governance Advisor.</p> <p>The Committee requested that items be reviewed for the necessity of Board approval, and that legislative and regulatory reporting requirements, such as equalities reporting, be added as necessary.</p>

	<p>Internal Audit noted that: the annual Internal Audit Plan would be presented to the March 2022 Committee meeting; the assurance opinion from the initial governance review (see item 8) to the June 2022 Committee meeting; and that regular progress reports on internal audit activity would also commence from the March 2022 Committee meeting.</p> <p>This approach was approved with these additions.</p>
<p>6.</p>	<p>Recruitment of Co-opted Member</p> <p>The Committee requested that:</p> <ul style="list-style-type: none"> • The draft job description be reviewed to separate essential knowledge, interests and experience from those considered desirable; • The requirement for experience in the establishment of new public bodies be reviewed in light of ESS’ successful establishment to date; • A more general reference to experience of organisational budgets and financial management be considered in place of specific accountancy experience; • Consideration be given to how to encourage applications from groups who might not traditionally be attracted to such roles, such as young people, for example by greater reference to ESS’ mission and environmental aims; • The revised job description be circulated by correspondence for review and agreement.
<p>7.</p>	<p>Consultancy support</p> <p>[Eleanor Ryan (ER) joined the meeting]</p> <p>ER introduced herself as the appointed Interim Governance Advisor, noting her experience of supporting the early development of ESS’ governing documents and prior experience in a variety of high-level Civil Service roles with a focus on public finance and operational management.</p> <p>RP introduced the brief for the consultancy support, noting that this had been approved as part of the budget approval process, and that a call-off contract had been set up with up to 10 days available over a period of a year.</p> <p>The Chair welcomed ER to the role and noted ESS’ strong line of operational independence from SG and its oversight and scrutiny role.</p> <p>[ER left the meeting].</p>
<p>8.</p>	<p>Internal Audit</p> <p>Internal Audit representatives reported that the Memorandum of Understanding had been signed by both parties and would be returned immediately after the meeting.</p>

	<p>Executive Team and Internal Audit representatives had met to discuss scoping for an advisory piece on ESS' general governance and business arrangements. A progress report would be brought to the next meeting detailing work and emerging findings, and a detailed management letter to the June 2022 Committee meeting for review.</p> <p>Internal Audit will also prepare an annual work plan for 2022/23, expecting to look at ESS' investigations system, for a more formal assurance piece.</p>
<p>9.</p>	<p>AOB and forward meeting dates</p> <p>No other Business was declared.</p> <p>The forward meeting dates were approved.</p>

Marie Fallon
Chair, Audit and Risk Committee
25 March 2022