

Minutes of the meeting of the Audit and Risk Committee (via MS Teams)

Monday 27 June 2022, 14:00 – 16:00

Committee:

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

Observing:

Neil Oakley (NO)

Attendees:

Environmental Standards Scotland Team members (ESS Team):
Mark Roberts (MR), CEO/Accountable Officer
Rebecca Peppiette (RP), Head of Corporate Services and Communications
Charlotte Lowe (CL), Business and Case Support Officer (Minutes)

Internal Audit (IA):

Dougie Shepherd (DS), Senior Internal Audit Manager

Apologies:

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

1. Welcome and declarations of interest	<p>The Chair welcomed all attendees to the Audit and Risk Committee (the Committee) meeting.</p> <p>MF particularly extended a warm welcome to Neil Oakley recently appointed Audit and Risk Committee observer and Mark Roberts recently appointed Chief Executive Officer following successful recruitment exercises.</p> <p>While noting apologies from IB and DF, MF welcomed Dougie Shepard who was attending the meeting on their behalf's.</p> <p>There were no declarations of interest.</p>
2. Minutes and matters arising	<p>The Committee noted that the minutes of the previous meeting were approved at the Board meeting of 20 May 2022.</p> <p>On the matters arising, RP reported that the majority of items were on the</p>

	<p>agenda for this meeting, with the exception of the action relating to the ESS procurement policy and delegated financial limits documentation. The Committee agreed to consider this item at the December Committee meeting, in line with the relevant scheduled annual review.</p> <p>It was also noted that the June Deep Dive listed at item 5 of the matters arising would be amended to “Establishing ESS during the pandemic”, and the Committee agreed that the Deep Dive into “Management of contracts and service level agreements” would be scoped at a later date.</p>
<p>3.</p>	<p>Finance</p> <p>RP introduced the updated budget paper for the 2022/23 financial year, reporting that there has been good progress in improving the invoicing and journaling processes, enabling an accurate representation of ESS’ finances. It was noted that, due to a slowed approach to recruitment, there has been an adjustment to the budget profiling. RP also reported potential adjustments to the detail required in financial reporting to Scottish Government.</p> <p>RP presented a set of project recommendations to be delivered in this financial year, including: effective hybrid working approaches; flexible staffing arrangements; communications work; business continuity requirements; and audit and financial support.</p> <p>In discussion, the Committee:</p> <ul style="list-style-type: none"> • approved the approach to these five recommendations; • recommended exploring learning and development opportunities for the team, including joint initiatives with the Committee, Board and wider team; • requested a costed progress update be brought to the Committee at a later date.
<p>4.</p>	<p>Risk management and assurance</p> <p>The Chair introduced the Deep Dive into “Establishing ESS during the pandemic” and presented proposed items for discussion during the review. The Committee acknowledged the value of the exercise in capturing lessons learned and increasing effectiveness going forward.</p> <p>The Committee requested that the ESS Team progress the plan internally and return to the Committee with a delivery timeline, to be approved through correspondence. The Committee also approved in advance expenditure (within budget) that may arise from carrying out this exercise.</p>

	<p>RP presented the report and revised risk register, noting the addition of a new line on investigation communication strategies. In discussion, the Committee queried the specificity of the new risk and recommended that it be broadened, but agreed that overall the level of detail in the risk register remains appropriate.</p>
<p>5. Governance</p>	<p>RP introduced the forward plan. In discussion, the Committee agreed for RP and CL to make amendments to the forward plan, to include:</p> <ul style="list-style-type: none"> • a timeline for the internal audit terms of reference on investigations processes; • postponing the Deep Dive on “Management of contracts and service level agreements”; • an in-person Committee development training session concurrent with the December Committee meeting. <p>CL introduced the paper on corporate reporting. The Committee requested that they are kept up-to-date on progress against these requirements and informed if there is a risk of non-compliance. The Committee also recommended that this risk is considered for inclusion in the risk register.</p>
<p>6. Internal Audit</p>	<p>DS introduced Internal Audit’s update report, noting good progress on Corporate Governance requirements. The Committee acknowledged that the paper shared was an interim report and requesting that a more detailed review paper be brought to Committee at a later date, or by correspondence.</p> <p>DS also presented general corporate Internal Audit documents, for information.</p> <p>MR introduced the draft Terms of Reference summary for the planned investigations review. The Committee requested the ESS Team provide further detail and recirculate to the Committee by correspondence for comment.</p>
<p>7. AOB</p>	<p>RP updated the Committee that Audit Scotland are procuring an external audit provider for ESS, with a decision expected later this summer.</p>

Marie Fallon
Chair, Audit and Risk Committee
29 July 2022