

# Minutes

## Audit Committee



Tuesday 19 March 2024, 10.00am  
Audit Scotland, 102 West Port, Edinburgh / MS Teams

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Jo Armstrong

### Apologies:

### In attendance:

Alan Alexander, Chair, Audit Scotland Board  
Stephen Boyle, Accountable Officer and Auditor General for Scotland  
Vicki Bibby, Chief Operating Officer  
Martin Walker, Director of Corporate Support  
Stuart Dennis, Corporate Finance Manager  
Gemma Diamond, Director of Innovation & Transformation  
Michelle Borland, Head of Organisational Improvement  
Simon Ebbett, Communications Manager  
David Robertson, Digital Services Manager  
Jillian So, Alexander Sloan  
David Jeffcoat, Alexander & Sloan  
Graham Gillespie, Wylie & Bisset  
Stephen Pringle, Wylie & Bisset  
Niki Ross (Minutes)

### 1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members, internal auditors, Wylie & Bisset and external auditors, Alexander Sloan.

### 2. Welcome and apologies

The Chair opened the meeting and welcomed everyone, and formally welcomed Jo Armstrong to her first meeting as member of the Audit Committee following her appointment as Chair of the Accounts Commission.

Chair advised that there were no issues arising from the private meeting.

### 3. Declarations of interests

There were no declarations of interest.

### 4. Minutes of the last meeting: 14 November 2023

Audit Committee members reviewed and agreed the minutes of the 14 November 2023 meeting, copies of which had been circulated previously.

Audit Committee approved the minutes of the previous meeting.

## 5. Review of action tracker

Audit Committee members reviewed the action tracker, copies of which had been circulated previously.

Vicki Bibby gave an update on the action in relation to item 9 confirming that the meeting to discuss the next round of audit appointments had not yet taken place and would involve a wider discussion. Vicki confirmed that the meeting will take place shortly.

Audit Committee noted the tracker for completeness.

## 6. Internal audit report: Cyber incident response plan

Graham Gillespie, Wylie & Bisset, introduced the Cyber Incident Response Plan internal auditor report, copies of which had been circulated previously.

Graham confirmed that our Cyber incident response plan has been assigned a 'substantial' grading, acknowledging that a lot of good work and progress is being done in this area.

The report highlighted two issues as follows:

- The response plan is not fully operational and still needs finalised.
- A formal schedule is still to be developed to allow regular testing on each playbook.

Members acknowledged that this is a positive achievement in a very complex area. During discussion, members agreed that the Board should have more focus on cyber security given the potential risks in this area.

Audit Committee noted the internal audit report on the cyber incident response plan.

## 7. Internal audit report: Overall financial controls

Graham Gillespie, Wylie & Bisset, introduced the Overall financial controls internal auditor report, copies of which had been circulated previously.

Graham confirmed that the overall financial controls has been assigned a 'strong' grading and that there were no recommendations.

Audit Committee noted the internal audit report on overall financial controls.

## 8. Internal audit report: Progress report

Graham Gillespie, Wylie & Bisset, introduced the internal audit progress report, copies of which had been circulated previously.

Audit Committee noted that the internal audit work was on schedule and that a final update report for 2023/24 will be brought to Audit Committee meeting on 7 May 2024.

## **9. Implementation of internal audit recommendations progress report**

Martin Walker provided an update of the recommendations from the internal audit reports, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the progress on the implementation of outstanding audit recommendations.

During discussion, Audit Committee noted that some implementation dates had been extended but were assured that this was a result of specific circumstances and not due to any systemic failings.

Following discussion, Audit Committee was content to note report.

## **10. 2023-24 Internal audit report: Internal/external audit cooperation**

Graham Gillespie, Wylie & Bisset, introduced the report on internal and external audit cooperation, copies of which had been circulated previously.

David Jeffcoat, Alexander & Sloan, and Graham advised that joint working is working well with continuous liaison throughout the year and there are no concerns.

Following discussion, Audit Committee noted the positive cooperation between internal and external audit.

## **11. 2023-25 Accounting policies, key accounting estimates & judgements and year end statutory accounts timetable**

Stuart Dennis, Corporate Finance Manager introduced the proposed accounting policies, key accounting estimates and judgements to be included within the Notes to the 2023/24 accounts, copies of which had been circulated previously.

Audit Committee was asked to:

- Approve the 2023/24 Accounting policies, key accounting estimates and judgements.

During discussion, Audit Committee noted that the draft timetable has been agreed with the appointed auditor and is similar to last year, and that there are no substantive changes to the accounting policies.

Members discussed the pension situation and noted that the final pension figures will not be available until the end of April.

Following discussion, Audit Committee approved the 2023/24 Accounting policies, key accounting estimates and judgements.

## **12. 2023-24 External audit plan**

David Jeffcoat, Alexander Sloan introduced the 2023-24 External audit plan, copies of which had been circulated previously.

David highlighted the potential risk to the financial statement in terms of the large adjustment to the pension as well as the potential disclosure risk that the new layout to the

Performance Report and Accountability Report is not compliant with the FReM.

Audit Committee noted the 2023-24 External Audit Plan.

### 13. Q3 financial performance report

Stuart Dennis, introduced the Q3 financial performance report, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the financial results for the nine months to 31 December 2023.
- Discuss and note the main financial risk highlighted in paragraph 9.

Members noted that the budget underspend is pay related as we have been running at a higher vacancy level than planned. The main reason is a volume variance with the average vacancy level being 3% less than the funded establishment. This is largely due to challenges in finding the right people for the right job. Members agreed that next year we need to be more proactive in the way the underspend is managed by trying to ensure that we are operating with the planned number of staff.

Following discussion, Audit Committee noted the report.

### 14. Review of risk register

Martin Walker introduced the updated corporate risk register, copies of which had been circulated previously.

Audit Committee was invited to:

- Consider the updated risk register.
- Determine whether additional management action is required.

During discussion, members reflected on the emerging risks and noted that more detail will be reported in due course on some risks.

Further discussion took place on audit quality and the need to emphasise to stakeholders and the SCPA that audit quality is of vital importance and that we are managing both quality and delivery.

Following discussion, Audit Committee noted the report.

### 15. Risk deep dive – impact and reputation

*Gemma Diamond, Michelle Borland and Simon Ebbett joined the meeting.*

Martin Walker introduced the risk deep dive into two connected risks on impact and reputation, copies of which had been circulated previously.

Audit Committee was invited to:

- Consider the deep dive.
- Note the controls and actions in place.
- Identify any further management action which may be required.

During discussion, members reflected on the variety of evidence confirming that we have good impact and good reputation. This is seen in the positive feedback we receive as well as the positive media coverage.

During discussion, members reflected on the robust and comprehensive framework and how we are taking a more holistic approach in gaining better quality data to build up trend information to give us a better understanding of our impact. Members also noted that the impact framework would increasingly consider what impact our recommendations have on longer term outcomes.

Following discussion, Audit Committee noted the report.

*Gemma Diamond, Michelle Borland and Simon Ebbett left the meeting.*

## **16. 2024 Schedule of risk deep dives**

Martin Walker introduced the proposed schedule for the risk deep dives in 2024/25 copies of which had been circulated previously.

Audit Committee was invited to:

- Note the criteria used in developing the draft schedule.
- Discuss the proposed deep dive schedule for 2024/25 at paragraph 11.

During discussion members noted that the results of the survey of members of the public would be available in April/ May and that, given the range of communications channels that exist, the monitoring of views/ opinions needs to reflect this diversity.

Members noted the value of carrying out the deep dives and the importance of ensuring there is sufficient time to give them due consideration. Members also discussed the sequencing of the risk deep dives and noted that there is scope to amend the schedule if needed.

Following discussion, Audit Committee approved the schedule of deep dives for 2024/25.

## **17. Review of risk management framework**

Martin Walker introduced the revised risk management framework (RMF) for 2024/25, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the review of the RMF.
- Approve the updated RMF.

Martin highlighted the proposed changes in relation to nomenclature, the ISMS risk register and the alignment of risk tools with the corporate plan.

Following discussion, Audit Committee approved the updated risk management framework.

## 18. Digital security update

*David Robertson joined the meeting.*

David Robertson, Digital Services Manager introduced the digital security update, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the digital security risk profile.
- Note the ongoing and planned actions to mitigate digital risks.
- Note the new summary of threats in appendix 1 and the more detailed threat landscape.

Members noted the staffing challenges facing the digital services team and the impact it has had on planned work. There was discussion on the difficulties in recruiting in this area and members enquired about how we are collaborating with public sector colleagues to maximise the potential for economies of scale and manage resilience.

Following discussion, Audit Committee noted the report.

*David Robertson left the meeting.*

## 19. 2023-24 Q3 Data incidents/loss report

Martin Walker provided an update on data incidents that have occurred during quarter three 2023-24, copies of which had been circulated previously.

Audit Committee was invited to:

- Note this report.
- Note the actions taken to manage the risks.

Following discussion, Audit Committee noted the report.

## 20. 2024 Annual assurance and statement of control process

Martin Walker provided an overview of the annual assurance and statement of control process for 2024, copies of which had been circulated previously.

Audit Committee was invited to:

- Note this report.

Following discussion, Audit Committee noted the report.

## **21. 2024 Annual review of business continuity arrangements**

Martin Walker introduced the annual review of business continuity arrangements, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the annual review of our Business Continuity arrangements.
- Approve the Policy and Objectives attached as an appendix to this report.
- Note that the detailed incident recovery plans have been updated.
- Note that further minor revisions to the plans may take place during the year as appropriate (to reflect updates to team composition or amendments to contact details).

During discussion, members welcomed the cyber incident response plan being integrated into our business continuity arrangements and noted that there are alternative options for homeworkers to continue working if a cyber security event took place.

Following discussion, Audit Committee noted the report.

## **22. Any other business**

There were no other items of business.

## **23. Review of meeting**

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself. The feedback was positive.

## **24. Date of next meeting**

The next meeting of the Audit Committee is scheduled for 7 May 2024.

The Chair thanked everyone for attending the meeting and for their participation.

# Minutes

## Audit Committee



Tuesday 7 May 2024, 10.00am

Audit Scotland, 102 West Port, Edinburgh / MS Teams

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Jo Armstrong

### Apologies:

Stephen Pringle, Wylie & Bisset

### In attendance:

Alan Alexander, Chair, Audit Scotland Board  
Stephen Boyle, Accountable Officer and Auditor General for Scotland  
Vicki Bibby, Chief Operating Officer  
Kenny Oliver, Executive Director Innovation & Quality  
John Cornett, Executive Director of Audit Services  
Paul O'Brien, Director of Quality & Support  
Martin Walker, Director of Corporate Support  
Stuart Dennis, Corporate Finance Manager  
Gemma Diamond, Director of Innovation & Transformation  
Michelle Borland, Head of Organisational Improvement  
Owen Smith, Senior Manager Audit Quality & Appointments  
John Gilchrist, Manager Audit Quality & Appointments  
Ian Metcalfe, Corporate Performance Officer  
Jillian So, Alexander Sloan  
David Jeffcoat, Alexander & Sloan  
Graham Gillespie, Wylie & Bisset  
Niki Ross, Forum Support Coordinator (Minutes)

## 1. Private meeting with Wylie & Bisset LLP

A private meeting was held with Audit Committee members, internal auditors, Wylie & Bisset and external auditors, Alexander Sloan.

## 2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted there were no issues arising from the private meeting.

## 3. Declarations of interests

Jo Armstrong advised of her connection with the Boards for Water Industry Commission for Scotland (WICS) and Glasgow City Buildings.



#### 4. Minutes of the last meeting: 19 March 2024

Audit Committee members reviewed and agreed the minutes of the 19 March 2024 meeting, copies of which had been circulated previously.

Audit Committee approved the minutes of the previous meeting.

#### 5. Review of action tracker

Audit Committee members reviewed the action tracker, copies of which had been circulated previously.

Audit Committee noted the tracker for completeness.

#### 6. Internal audit report: 2023-24 Strategic Planning

*Gemma Diamond and Michelle Borland joined the meeting.*

Graham Gillespie, Wylie & Bisset, introduced the Strategic Planning 2023-24 internal audit report, copies of which had been circulated previously.

Graham advised that that a strong level of assurance was provided with a lot of good practice areas highlighted in the report. There was one recommendation with a low-risk rating and two observations which are around the timing of our strategic planning process. Audit Committee agreed that with the ongoing development of the planning process this will have a positive impact in addressing the issues raised.

Audit Committee noted the internal audit report on Strategic Planning.

#### 7. Internal audit report: 2023-24 Follow up Review

Graham Gillespie, Wylie & Bisset, introduced the Follow up Review internal audit report, copies of which had been circulated previously.

Graham advised that a strong level of assurance was provided on Audit Scotland's implementation of outstanding recommendations, with 15 of the 18 recommendations being fully implemented.

During discussion members agreed that it would be useful to see the detailed cashflow forecast to have a clearer understanding of the monitoring and movement of cash.

Audit Committee noted the report and the value of the 2023-24 Follow up review.

**Action:** Stuart Dennis to share most recent cashflow report with members.

*Gemma Diamond and Michelle Borland left the meeting.*

#### 8. Internal audit report: 2024-25 Internal audit plan

Graham Gillespie, Wylie & Bisset, introduced the internal audit plan for 2024-25, copies of which had been circulated previously.

The committee noted that the plan is a three-year rolling plan and that we are now in year three. The only change to the plan is around substituting the procurement review for a review of the Audit Modernisation Project.

Audit Committee discussed stakeholder engagement and if we are using all the appropriate methods for communication to a wide range of stakeholders who have a legitimate interest in what Audit Scotland does and how it does it.

Audit Committee approved the 2024-25 Internal Audit Plan.

## 9. Audit quality update

*Kenny Oliver, John Cornett, Paul O'Brien, Owen Smith and John Gilchrist joined the meeting.*

Kenny Oliver introduced the audit quality update, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the paper and ask any questions of clarification.

Audit Committee welcomed the progress made in audit quality with all improvement actions relevant to the Audit Services Group now complete and good progress is continuing in the actions planned within Performance Audit.

Members discussed the different audit approaches between public and private sector in relation to asset valuations and noted the ongoing discussions in relation to that.

Following discussion, Audit Committee noted the audit quality update.

## 10. 2023-24 Transparency Report

Paul O'Brien introduced the Transparency Report, copies of which had been circulated previously.

Audit Committee was invited to:

- Comment on the draft Transparency Report.
- Approve the report's submission to the Board on 7 June.

Audit Committee welcomed the report noting it is honest, clear and informative.

During discussion, members noted that work is taking place in our strategic planning process to ensure we continue to provide progress on audit quality and delivery whilst facing competing demands amidst resourcing pressures. Members recognised that there is an element of investing for the future and that the impact of some improvements will not be immediate.

Further discussion took place on the funding we have retained to support the recruitment of temporary staff and the potential opportunities and challenges we face in ensuring that we use this funding in the best way possible to make the difference that is needed.

Following discussion, Audit Committee approved the report's submission, subject to minor amendments, to the Board on 7 June 2024.

## 11. 2023-24 Draft quality of public audit in Scotland

Owen Smith introduced the draft quality of public audit in Scotland (QPAS) and the draft supplementary report 2024, copies of which had been circulated previously.

Audit Committee was asked to:

- Note the report and its findings.
- Comment on the draft reports.
- Note that there is an ICAEW review of an ASG NHS audit still to be finalised.

During discussion, Audit Committee noted that some appointed firms can be outside the scope of the transparency reporting requirements therefore have no obligation to prepare a Transparency Report. Audit Committee agreed that we should maintain awareness of this for the next procurement round and how this could affect the positioning of future QPAS reports.

Audit Committee discussed the results for local government audits that were not completed on time and the various reasons surrounding this. Members agreed that it would be useful to see a year-on-year set of results to provide more context and understanding. Following discussion, Audit Committee noted the QPAS report and its findings, subject to minor amendments.

**Action:** Owen/John to prepare a 'tracked change' version of the QPAS report, reflecting Audit Committee's discussion, which will be submitted to the Board meeting on 7 June 2024.

*Kenny Oliver, John Cornett, Paul O'Brien, Owen Smith left the meeting.*

## 12. Financial position – verbal update

Stuart Dennis provided a verbal update on the financial position highlighting that we have a £2m underspend with the actual operating position being £120k underspend.

Audit Committee noted that the Q4 report will go to both Audit Committee and Board on 7 June 2024.

## 13. Review of risk register

Martin Walker introduced the updated corporate risk register, copies of which had been circulated previously.

Audit Committee was invited to:

- Consider the updated risk register.
- Determine whether additional management action is required.

Following discussion, Audit Committee welcomed the update and noted the review of the risk register.

## 14. 2023-24 Annual report on data incidents/loss

*Ian Metcalfe joined the meeting.*

Martin Walker introduced the 2023-24 annual report on data incidents/loss, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the report.

Following discussion, Audit Committee noted the annual report on data incidents/loss.

## **15. 2023-24 Annual report on bribery and fraud**

Martin Walker introduced the 2023-24 annual report on bribery and fraud, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the report.

Following discussion, Audit Committee noted the annual report on bribery and fraud.

## **16. 2023-24 Annual report on hospitality and gifts**

Martin Walker introduced the 2023-24 annual report on hospitality and gifts, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the report.

Following discussion members noted the annual report on hospitality and gifts.

## **17. 2023-24 Annual report on whistleblowing (internal)**

Martin Walker introduced the 2023-24 annual report on whistleblowing, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the report.

Following discussion, Audit Committee noted the annual report on whistleblowing.

*Ian Metcalfe left the meeting.*

## **18. Annual review of performance management arrangements**

Martin Walker introduced the annual review of performance management arrangements, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the performance management arrangements in place.
- Note the ongoing and planned performance management developments in 2024/25.

Following discussion, Audit Committee noted the annual review of performance management arrangements.

## **19. Policy on the provision of Non-Audit Services by Audit Scotland's external auditor**

John Gilchrist provided an update on the policy on the provision of Non-Audit Services by Audit Scotland's external auditor, copies of which had been circulated previously.

Audit Committee was invited to:

- Comment on the draft policy.
- Recommend it to the Board for approval.

Following discussion, Audit Committee noted the report and agreed it be recommended to Board for approval on 21 May 2024.

*John Gilchrist left the meeting.*

## **20. Annual review of counter fraud policy**

Martin Walker introduced the annual review of the counter fraud policy, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the review.
- Agree proposed amendments to the policy.
- Agree, subject to any required amendments the policy is submitted to the Board meeting of 21 May 2024.

Following discussion, Audit Committee noted the report and agreed it be recommended to the Board meeting of 21 May 2024.

## **21. Annual review – Audit Committee self-evaluation**

Martin Walker introduced the annual review of the Audit Committee self-evaluation, copies of which had been circulated previously.

Audit Committee was invited to:

- Note the self-evaluation findings and the positive assurance on the effectiveness of the Audit Committee.
- Agree that the assessment informs the Chair's annual report to the Board.
- Discuss the issues arising/ potential development areas from the evaluation and agree the next steps.

During discussion Audit Committee welcomed the suggestion of a periodic engagement between the Chair and their counterparts in other UK audit agencies.

Following discussion, Audit Committee noted the annual review of the Audit Committee self-evaluation.

**22. Any other business**

There were no other items of business.

**23. Review of meeting**

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself. The feedback was positive.

**24. Date of next meeting**

The next meeting of the Audit Committee is scheduled for 7 June 2024.

The Chair thanked everyone for attending the meeting and for their participation.

# Minutes

## Audit Committee

Friday 7 June 2024, 10.00 am  
Audit Scotland, 102 West Port, Edinburgh

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Jo Armstrong

### Apologies:

Stephen Pringle (Wbg)

### In attendance:

Alan Alexander, Chair, Audit Scotland Board  
Stephen Boyle, Accountable Officer and Auditor General for Scotland  
Vicki Bibby, Chief Operating Officer  
Antony Clark, Executive Director of Performance and Best Value  
Martin Walker, Director of Corporate Support  
Stuart Dennis, Corporate Finance Manager  
Ian Metcalfe, Corporate Performance Officer  
Jillian So, Alexander Sloan  
David Jeffcoat, Alexander & Sloan  
Graham Gillespie, Wbg  
Niki Ross, Forum Support Coordinator (Minutes)

### 1. Private meeting with Wylie & Bisset LLP

A private meeting was held with the Audit Committee members, internal auditors, Wylie & Bisset and external auditors, Alexander Sloan.

### 2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted there were no issues arising from the private meeting.

### 3. Declarations of interests

There were no declarations of interest.

### 4. Minutes of the last meeting: 7 May 2024

The Audit Committee members reviewed and agreed the minutes of the 7 May 2024 meeting, copies of which had been circulated previously.

## 5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had been circulated previously.

The Audit Committee noted that work is still ongoing to separate the tender process with the revision of the audit code of practice, and a paper detailing the process will be brought to the Board meeting in November 2024.

The Audit Committee noted the tracker for completeness.

## 6. 2023-24 Internal Audit annual report

Graham Gillespie, Wylie & Bisset, introduced the 2023-24 Audit Scotland annual report, copies of which had been circulated previously.

Graham highlighted the overall opinion 'We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the Organisation's risk management, control and governance processes. In our opinion Audit Scotland did have adequate and effective risk management, control and governance processes to manage its achievement of the Organisation's objectives at the time of our audit work'. Graham advised that all audits but one were given a rating of strong assurance levels with the Cyber Incident Response Plan allocated a rating of substantial assurance. Graham also advised that the number and significance of the recommendations raised through the audit was lower than in benchmarked organisations.

The Audit Committee welcomed the positive assurance and noted the 2023-24 Audit Scotland annual report.

## 7. Implementation of internal audit recommendations progress report

Martin Walker provided an update on the implementation of internal audit recommendations progress report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the progress on the implementation of outstanding audit recommendations.

During discussion members noted that there was one outstanding recommendation in progress which relates to the 2022-23 Internal Audits and five recommendations in progress from the 2023-24 Internal Audits.

Following discussion, the Audit Committee noted the report on internal audit recommendations and were assured of the progress made.

## 8. Q4 Financial performance report

Stuart Dennis provided an update on the Q4 Financial performance report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the audit financial results for the twelve months to 31 March 2024.



During discussion, members noted the final position for 2023-24 aligns with the budget. Members agreed that greater clarity is required in how the underspend is presented, regarding the operating outturn and the pension service cost adjustment.

Following discussion, the Audit Committee noted the Q4 Financial performance report.

## 9. Review of risk register

Martin Walker provided an update on the review of the risk register, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the updated risk register.
- Determine whether additional management action is required.

During discussion, the Audit Committee was content to note the ongoing monitoring and engagement taking place with the Firms and that plans have been developed to bring performance back to target dates incrementally.

Further discussion took place on the identified actions from the recent deep dive session on efficiency and demonstrating value for money and how this is being progressed.

Following discussion, the Audit Committee was content to note the updated risk register.

**Action:** Martin Walker to produce a summary note of the deep dive session for the Audit Committee on 3 September 2024.

## 10. 2023-24 Governance statement and certificate of assurance

*Ian Metcalfe joined the meeting.*

Martin Walker introduced the governance statement and certificate of assurance, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the certificates of assurance.
- Determine whether to raise any issues which should be drawn to the attention of the Audit Scotland Board at its meeting on 7 June 2023 with the Annual Accounts and governance statements.
- Recommend the Chief Operating Officer issues the Audit Scotland certificate of assurance to the Board as part of the annual assurance process.

Following discussion, the Audit Committee agreed, subject to minor amendments, the Chief Operating Officer, issues the Audit Scotland certificate of assurance to the Board as part of the annual assurance process.

## 11. 2023-24 External audit letter and opinion on financial year

David Jeffcoat highlighted that the accounts give a true and fair view. However, this statement is strictly on the understanding that we are currently awaiting information from the

Principal Civil Service Pension Scheme and that currently the accounts have been issued as unmodified. Members noted that the lack of information for the disclosure is outwith Audit Scotland's control.

The Audit Committee considered the draft External Auditor Report and associated documents.

Further discussion took place on the Audit Summary Report which highlights the key findings arising from the External Auditors audit of Accounts for 2023-24.

The committee noted the verbal update provided in relation to the delayed information from the provider in relation to a single pension disclosure and the consequential impact on finalising the annual report and accounts and the external audit process.

Following discussion, the Audit Committee were content to note the 2023-24 external audit letter and opinion on financial year.

## 12. Draft Annual Report and accounts – year ended 31 March 2024

Stuart Dennis introduced the draft annual report and accounts, copies of which had been circulated previously.

The Audit Committee was asked to:

- Approve the draft Annual report and accounts for the year ended 31 March 2024 and recommend that the Auditor General for Scotland, being Accountable Officer of Audit Scotland, sign the accounts on Monday 10 June 2024 subject to receipt of the outstanding pension disclosure information.

Further discussion took place in the context of the discussion on the preceding item.

Following discussion the Audit Committee:

- Noted the draft external audit letter and opinion on financial year 2023/24 and the draft letter of representation and the draft Annual Report and Accounts
- Recommended that the Board consider the draft documents at its meeting on 7 June and note this discussion at the Audit Committee
- Agreed that an extraordinary meeting of the Audit Committee take place, at a date to be confirmed, when the appropriate material becomes available in relation to the pensions disclosure.
- Recommended that the Board hold an extraordinary meeting immediately following that meeting of the Audit Committee to progress the finalisation of the Annual Report and Accounts 2023/24.

**Action:** Extraordinary meetings of the Audit Committee and Board to be convened, on receipt of the required information/ disclosure, to facilitate the finalisation of the Annual Report and Accounts.

### **13. 2023-24 Annual report from the Chair of the Audit Committee to the Board**

The Chair introduced the 2023-24 annual report from the Audit Committee to the Board, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the draft report.
- Subject to any amendments, approve its submission to the Board.

Following discussion, the Audit Committee approved the report's submission to the Board.

### **14. 2023-24 Annual report on correspondence and whistleblowing (external)**

*Antony Clark joined the meeting.*

Antony Clark introduced the 2023-24 Annual report on correspondence and whistleblowing, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the contents of the 2023/24 Annual report on correspondence and whistleblowing. This report will be published on our website later this month.

The Audit Committee thanked the team for a very comprehensive and important report.

During discussion, the Audit Committee discussed how and why people contact us and being able to strike the right balance in terms of what support Audit Scotland can and can't provide given its remit and powers. Members noted that we demonstrate our integrity and transparency by publishing our annual report on the Audit Scotland website.

Following discussion, Audit Committee noted the annual report on correspondence and whistleblowing.

The Chair recognised that this was Antony's last attendance at Audit Committee and on behalf of the Audit Committee thanked him for his valued contribution to Audit Scotland over the years.

*Antony Clark left the meeting.*

### **15. Any other business**

There were no other items of business.

### **16. Review of meeting**

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself. The feedback was positive.

### **17. Date of next meeting**

The next meeting of the Audit Committee is scheduled for 3 September 2024.

The Chair thanked everyone for attending the meeting and for their participation.

# Minutes

## Audit Committee



Tuesday 3 September 2024, 10.00 am  
Audit Scotland, 102 West Port, Edinburgh

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### Present:

Colin Crosby (Chair)  
Jackie Mann  
Jo Armstrong (joined at item 11)

### Apologies:

### In attendance:

Alan Alexander, Chair, Audit Scotland Board  
Stephen Boyle, Accountable Officer and Auditor General for Scotland  
Vicki Bibby, Chief Operating Officer  
Martin Walker, Director of Corporate Support  
Graeme Forrester, Head of Performance and Corporate Governance  
Wojciech Kuzma, Finance Business Partner  
Ethan Bayne, Cloud and Security Manager  
Nicola Paton, Digital Project Manager  
Fiona Mitchell-Knight, Audit Director  
Jillian So, Alexander Sloan  
David Jeffcoat, Alexander & Sloan  
Graham Gillespie, Wbg  
Stephen Pringle, Wbg

Niki Ross, Forum Support Coordinator (Minutes)

## 1. Private meeting with Wylie & Bisset LLP

A private meeting was held with the Audit Committee members, internal auditors, Wylie & Bisset and external auditors, Alexander Sloan.

The Audit Committee noted that a detailed response had been submitted to the SCPA's inquiry regarding various areas of expenditure on 21 August 2024 and that no further request for information had been received.

**Action:** Martin to share the written response to Board and Audit Committee members and external auditors, Alexander Sloan.

## 2. Welcome and apologies

The Chair opened the meeting, welcomed everyone, and noted there were no issues arising from the private meeting.

The Chair welcomed Graeme Forrester, Head of Performance and Corporate Governance, to his first meeting of the Audit Committee.

### 3. Declarations of interests

There were no declarations of interest.

### 4. Minutes of the last meeting: 7 June 2024

The Audit Committee members reviewed and agreed the minutes of the 7 June 2024 meeting, copies of which had been circulated previously.

### 5. Minutes of the extraordinary meeting: 18 June 2024

The Audit Committee members reviewed and agreed the minutes of the 18 June 2024 meeting, copies of which had been circulated previously.

### 6. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had been circulated previously.

The Audit Committee noted the tracker for completeness.

### 7. 2023-24 Internal Audit report: Stakeholder engagement

Graham Gillespie, Wylie & Bisset, introduced the internal audit report on stakeholder engagement, copies of which had been circulated previously.

Graham advised that the review provided a strong level of assurance surrounding the effectiveness of the methods used to communicate with key stakeholders. Two low grade recommendations for improvement were made and five areas of good practice points were highlighted.

The members discussed the value of receiving an annual summary report that highlights our performance against the objectives and activities we planned to undertake whilst also considering the effectiveness of other reporting methods currently in use.

Following discussion, the Audit Committee welcomed the strong level of assurance and noted the 2023-24 stakeholder engagement report.

**Action:** Martin to consider the feasibility of producing an annual summary report that outlines our activities in relation to our commitments.

### 8. 2023-24 Internal Audit report: Business continuity planning

Graham Gillespie, Wylie & Bisset, introduced the internal audit report on business continuity planning, copies of which had been circulated previously.

Graham highlighted the substantial level of assurance surrounding the arrangements in place for business continuity and the five recommendations made.

The members discussed the context of Business Impact Assessments (BIA) in terms of how Audit Scotland has not conducted a BIA since 2018 and requested that Wbg strengthen the narrative to better reflect how the business was addressing the impacts of the pandemic during this period.

Following discussion, the Audit Committee welcomed the substantial level of assurance and noted the 2023-24 business continuity planning report, subject to minor amendments.

## 9. Internal Audit progress report

Graham Gillespie, Wylie & Bisset, provided an update on the summary of audit work undertaken in 2024-25, copies of which had been circulated previously.

Following discussion, the Audit Committee noted internal audit progress report.

## 10. Internal Audit recommendations progress report

Martin Walker provided an update on the Internal Audit recommendations progress report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the progress on the implementation of outstanding audit recommendations.

During discussion, the Audit Committee noted that overall, we are making good progress on the recommendations, although there has been slight slippage in a couple of the implementation dates.

Following discussion, the Audit Committee noted the progress on the implementation of outstanding audit recommendations.

## 11. Audit Scotland BV Self-Assessment

*Fiona Mitchell-Knight joined the meeting.*

Fiona Mitchell-Knight introduced the Audit Scotland BV Self-Assessment report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Discuss this report and note the findings in the report, and the planned improvement actions which are now ongoing in response to the self-assessment.

During discussion, members welcomed the report and agreed that this is a very valuable and robust exercise. The members noted that Audit Scotland's identified areas for improvement align closely with those organisations we report on, as these challenges, such as longer-term planning, are inherently difficult to address.

The members commented that the report would benefit from greater detail in some areas to strengthen its depth, for example reinforcing the Board's role in relation to governance and accountability. This is currently included in the supporting working papers only.

Further discussion was on the value of undertaking the self-assessment with members agreeing that this should be viewed as a similar status to an internal audit report and follow the same process as our other internal reports including communicating the report to the wider audience. Additionally, there was also a discussion regarding the potential for independent review of the BV thematic areas covered by the report, to provide additional assurance, in the future if considered necessary.

Following discussion, the Audit Committee noted the findings in the report and the planned improvement actions, subject to amendments.

**Action:** Fiona to schedule an interim update report to Audit Committee as appropriate.

**Action:** Fiona to consider options for how we can share the report to a wider audience.

*Fiona Mitchell-Knight left the meeting.*

## 12. Q1 Financial performance report

*Wojciech Kuzma joined the meeting.*

Wojciech Kuzma provided an overview of the Q1 financial performance report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the financial results for the three months to 30 June 2024.
- Discuss and note the main financial risks in paragraphs 24 and 25.

During the discussion, the Audit Committee reviewed the financial summary as of June 2024, considering the assumption that we will remain within our allocated budget and the possibility of an underspend. Additionally, members noted the need for transparency regarding our spending from the contingency fund.

Following discussion, the Audit Committee were content to note the Q1 financial performance report.

*Wojciech Kuzma joined the meeting.*

## 13. Review of risk register

Martin Walker introduced the updated risk register, copies of which had been circulated previously.

The Audit Committee was asked to:

- Consider the updated risk register.
- Determine whether additional management action is required.

During discussion, the Audit Committee noted that there was no material change to the risk profile than what was previously reported to Audit Committee on 7 June 2024, highlighting the biggest risk continues to be digital.

During discussion, members acknowledged the scale of public pressure cuts and the need to be clear on our scenario planning to meet these challenges, and the risk associated with them as well as being able to evidence our approach to the SCPA.

Following discussion, the Audit Committee were content to note the updated risk register report.



## 14. Digital security update

*Ethan Bayne and Nicola Paton joined the meeting*

Ethan Bayne and Nicola Paton both introduced the digital security update, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the digital security risk profile.
- Note the ongoing and planned actions to mitigate digital risks.
- Note the new graphical summary of threats in Appendix 1.
- Note the summaries of Threats and risks and Actions and Improvements are provided in this document and available in greater detail via links at paragraphs 10 and 22.

During discussion members noted the ongoing actions to mitigate digital risks, particularly in relation to cyberattacks involving the use of personal email addresses in the workplace and importance of continuing to build on and reinforce the knowledge and resilience in this area.

Following discussion, the Audit Committee were content to note the digital security update.

## 15. Q1 Data incidents/loss report

Martin introduced the Q1 report on data incidents/loss, copies of which had been circulated previously.

The Audit Committee was invited to:

- Note the report.

Following discussion, the Audit Committee were content to note the Q1 report on data incidents/loss.

*Ethan Bayne and Nicola Paton left the meeting.*

## 16. 2023-24 Annual review of corporate governance policies

Martin provided an overview on the annual review of corporate governance policies, copies of which had been circulated previously, highlighting the main changes in each policy.

The Audit Committee was invited to:

- Note the annual review of the corporate governance documents.
- Recommend the suite of corporate governance documents to the Board for its meeting on 24 September 2024.

### Standing orders

Following discussion, the Audit Committee recommended the revised document for approval by the Board.

#### Scheme of delegation

Following discussion, the Audit Committee recommended the revised document for approval by the Board.

#### Financial regulations

Following discussion, the Audit Committee recommended the revised document for approval by the Board.

#### Members code of conduct

Following discussion, the Audit Committee recommended the revised document for approval by the Board.

#### Staff code of conduct

Following discussion, the Audit Committee recommended the revised document for approval by the Board.

*Stephen Pringle, Graeme Gillespie, Jillian So and David Jeffcoat left the meeting.*

## 17. Private item: Internal audit procurement

Martin provided an overview of internal audit procurement report, copies of which had been circulated previously.

The Audit Committee was invited to:

- Consider the options available and the risk benefit assessment (paragraphs 12- 13 below).
- Approve the recommendation to extend the internal audit services contract for a further year – as provided for under the current agreement (option 2).

During discussion, members noted that there have been no issues of concern in relation to the work of Wbg. However, members acknowledged that there could be more challenge and engagement from them to support the work of the Audit Committee meetings.

Following discussion, the Audit Committee approved the recommendation to extend the internal audit services contract for a further year – as provided for under the current agreement.

**Action:** Martin to address the importance of increased participation from external auditors during Audit Committee meetings.

## 18. Any other business

There were no other items of business.

## **19. Review of meeting**

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself. The feedback was positive.

## **20. Date of next meeting**

The next meeting of the Audit Committee is scheduled for 11 November 2024.

The Chair thanked everyone for attending the meeting and for their participation.