

Committee Members

Professor David Ulph - Chair
Professor Francis Breedon
Professor Alasdair Smith
Gillian Carty - External Member

Attendees

Dame Susan Rice - Chair, Scottish Fiscal Commission
John Ireland - Chief Executive
Susie Warden - Head of Strategy, Governance and Corporate Services
Helen Russell - Audit Scotland
Head of Internal Audit - SG Directorate for Internal Audit and Assurance
James H White - Governance Manager - secretariat

Apologies

Mark Taylor - Audit Scotland
Martin Nolan - Audit Scotland
Internal Auditor - SG Directorate for Internal Audit and Assurance

1. Welcome and Introduction

Professor David Ulph opened the meeting, noting apologies given.

There were no declarations of interests nor notification of any other business. The minutes of the meeting held on 8 October 2020 were agreed as an accurate record. The action log was noted.

It was agreed that minutes would be published on the Commission's website.

2. Risk Management

The Committee discussed whether there should be a separate risk card for the refurbishment of Governor's House and concluded it should be integrated into existing risk cards (ie staffing, and corporate services). In addition there should be a standing item on the agenda for accommodation issues, until refurbishment work is completed, covering refurbishment of Governor's House, arrangements to meet COVID-19 requirements for physical distancing, and longer terms plans for Governor's House recognising that future ways of working may change the accommodation needs of the Commission.

David Ulph thanked Susie Warden for her work on revising the format of the risk cards. There was a consensus that the graphs indicating where risks would be tolerated and those which should be referred to the Governance Board should be combined into one graph using three colours; green, amber, and red. The Committee agreed to defer to the next meeting the discussion of what level of risk was tolerable for each risk.

Further amendments to the format were discussed and agreed. It was confirmed that the senior management team collectively owned all risks and was responsible for

their management, with Audit and Risk Committee providing regular review and challenge. The risk management framework set out the process in more detail.

The individual risk cards were then reviewed in order of overall risk level.

Staffing – the reduced likelihood score reflected that homeworking had now been in place since March and that the impact of COVID-19 had not resulted in large numbers of staff absences. However, it was accepted that the nature of COVID-19 was changing, with potentially multiple periods of lockdown and that single points of failure remained a potential concern. Accordingly, it was agreed the likelihood and impact should both remain with a score of 4 each, but that the narrative should record the change in nature of the risk.

Reputation – the revised score reflected ongoing increased levels of uncertainty and concerns about reconciliation errors. It was agreed that this is a serious issue and that the likelihood score should increase to 4 but the impact score remain at 3.

Independence – the revised score reflected the heightened political context and there was a concern that in relation to social security forecasting that there was a dependence on Scottish Government and Social Security Scotland. It was agreed that the likelihood should increase to 3 and the impact remain at 4.

Partners – the concern about the impact of Scottish Government being redeployed to COVID-19 work had reduced; the Scottish Government liaison team was now settled after a period of change, and OBR now had a new Chair in place helped to reduce uncertainty. Delays in the release of income tax data this year had a significant impact and that remained a concern for future data releases. It was agreed that likelihood could reduce to 3 and impact increase to 4.

Corporate Systems – the reduced score reflected the overall reliability of systems and ongoing developments to increase the capacity of the network, as well as the substantial assurance assessment given by SG Directorate of Internal Audit and Assurance. It was agreed that likelihood should reduce to 2 and impact remain at 3.

The agreed risk scores were:

	Likelihood	Impact
Staffing	4	4
Reputation	4	3
Independence	3	4
Partners	3	4
Corporate Systems	2	3

Action 1 – Accommodation Issues would become a standing agenda item for Audit and Risk Committee meetings until refurbishment work is completed.

Action 2 – Decisions on what level each individual risk would be tolerated would be deferred to the next Audit and Risk Committee meeting.

3. Finance Update

It was clarified that, due to the timing of today’s meeting and the month-end financial close down, the update paper was unchanged to what had been presented at the Governance Board on 8 October 2020. Options for using the projected underspend

of circa £70,000 and the contingency of £50,000 were being considered. However, these cannot be finalised until the timing of the Budget has been confirmed, and the need for overtime (estimated to be working over 1-2 weekends) assessed. The costs of toilet refurbishment works could be better estimated once quotes were received in the coming weeks.

The Committee noted the paper, recognising the factors which have led to the projected underspend, the actions being taken to manage it, and the potential consequences.

4. Audit Scotland

It was reported that the accounts were signed on 8 October and laid and published on 28 October 2020. Because of overruns on other Audit work, planning for the Commission's 2020-21 Audit had not yet started, however, Audit Scotland would liaise with the Corporate Service team about taking this forward.

5. SG Directorate of Internal Audit and Assurance Update

It was reported that there was not much to report at this point; most of the work would be taking place in quarter 3 and 4, with a planning meeting to be set up before Christmas to ensure that the work could be completed by March 2021. Options for adding value were being considered on discrete pieces of advisory work. In relation to engagement with the Shared Services review, a more collaborative approach was being taken to ensure that the views of a number of public bodies were being presented.

6. Corporate Policies

Audit and Risk Committee Terms of Reference - The Committee discussed the means and level of assurance provided about shared services. Assurance was provided by Scottish Government Heads of Service, Audit colleagues from both Audit Scotland and SG Directorate of Internal Audit and Assurance (where a separate team has responsibility for shared services) as well as from experience of the services provided. The Committee confirmed it was content with the Terms of Reference for approval by the Governance Board.

Register of Interests - The updated register was noted.

7. Any Other Business

There were no other items of business.

8. Date of Next Meeting

The next meeting was scheduled for Wednesday, 10 February 2021.

Scottish Fiscal Commission: Strategy, Governance and Corporate Services
4 November 2020