

NRS AUDIT AND RISK COMMITTEE MEETING

13 December 2018

Lord Clerk Register's Room
General Register House, Edinburgh

Present:

Colin Ledlie	Non-Executive Director (Chair)
Mandy Gallacher	Non-Executive Director
Asif Haseeb	Audit Scotland, External Auditor
Jonny Steen	Audit Scotland, External Auditor
Myra Binnie	Scottish Government, Internal Auditor
Lorraine Twyford	Scottish Government, Internal Auditor
Anne Slater	NRS, acting Chief Executive
Linda Sinclair	NRS, Director of Strategy & Business Services (Accountable Officer)
Steven Hanlon	NRS, Chief Financial Officer
Anna Krakowska	NRS Head of Strategy & Planning
Shirley Cameron	NRS Governance Administration (secretariat)

Apologies:

Bill Matthews	Non-Executive Director
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1. Welcome, Introductions and Declaration of Interests

1.1 Apologies were received and accepted from Bill Matthews. There were no new declarations of interest.

2. Matters arising

2.1 There were no matters arising.

3. Minutes and Actions

3.1 The minutes of 3 September were accepted without change.

3.2 All actions were closed as completed.

4. NRS Update Report

4.1 Anne Slater (AS) confirmed that Paul Lowe, currently CEO of Students Awards Agency Scotland would join NRS on 17 December as NRS Chief Executive.

4.2 Recruitment to posts approved within the revised organisational structure had continued throughout 2018. A pause for approval of recruitment to any new posts would allow time to reflect on prioritisation of posts in relation to the NRS future budget position.

4.3 Census 2021 funding continues to be discussed with SG and Ministers.

4.4 2018 People Survey indicated the overall response rate was down by 4%.

4.5 A Common Operating Platform programme would deliver consolidation around networks for NRS.

4.6 Adam Dome was currently closed to staff and public to allow a survey on the ceiling condition to progress. Public Services continue to be delivered without impact.

5. NRS Governance Report: Risk Management and Internal Controls

5.1 Anna Krakowska (AK) presented the Governance Report for the year to date for the committee's review and comment.

5.2 A refresh of the corporate risk register was reported, introducing a consistent approach to presentation of risks as well as reporting the proposal for delegation of control to the appropriate Governance Boards.

5.3 The Committee welcomed the refreshed report and expression of risks in certain areas. They were content with the approach providing this continued to drive control action.

6. NRS People Risk - Deep Dive

6.1 Linda Sinclair (LS) delivered a presentation to the Committee setting out the current position in relation to risks and activity impacting on the people in the organisation in the context of:

- Risks recorded:
 1. NRS 2: If we fail to identify and implement an effective workforce planning strategy then this will affect our ability to get the skilled resource, capability or knowledge we need for particular roles to deliver our priorities and delivery targets.
 2. NRS 11: If we don't have the right people in the right places , with the required skills, capability and knowledge then we will not be able to deliver new IT services and/or support existing services which results in unrecoverable Service outages, regulatory and legal breaches, data loss and reputational damage.
- People Survey 2018 results - recently published.
- People Plan 2017 – progress
- Implementation of new organisational structure and service priorities – varied resourcing approaches
- Implementation of new Governance – monitoring and decisions.
- Workforce Planning Review – terms of reference together with Internal Audit input.
- Engagement – approaches and progress

6.2 The committee noted and welcomed the amount of work in progress across the different streams.

6.3 The committee were interested in the proposed staff engagement network and how that would contribute to better engagement. LS explained that a Terms of Reference was being developed for the network programme as well as considering other routes to widen engagement through line managers and improved communication channels across NRS, with a range of methods being considered.

6.4 The committee were interested in skills development approaches. LS explained that budget would continue to fund learning and development across NRS with the focus to develop as an organisation and building the skills NRS requires.

6.5 With regard to recruitment, the committee noted the progress in this area and discussed areas where the market for specialist skills could be a challenge and noted that key person risk, particularly relating to the Census programme was being considered.

7. Finance Report

7.1 Steven Hanlon (SH) updated the committee with a summary of the key points from the 2018-19 budget position, highlighting a forecast £261k underspend against the Spring Budget Revision (SBR) revenue budget position.

7.2 SH indicated the key financial risks remain the same as reported at the committee meeting of September 2018 and would continue to be monitored in-year by EMB, these related to:

- Staff costs
- Census 2021
- Digital Preservation Programme
- IT Services
- Income

7.3 The position on capital spending plans had become clearer since the last committee meeting, with a plan of activity identified as achievable by the end of the forecast year. The reported position of £200k unallocated funding for capital would be considered by EMB as part of the discussions on available funding.

8. Performance Management

8.1 Anne Slater provided the committee with an update on performance management approaches and key performance indicators. Draft ideas were also been created around corporate and operational health with the aim of settling these by 1 April 2019 for the next reporting year. A report would come to a future ARC during 2019.

9. Governance Coordination

9.1 Linda Sinclair (LS) provided an update on how the committee can coordinate effectively with NRS Board with responsibility for risk management, control and governance.

9.2 LS indicated that the governance structure as set out was being embedded at different rates of progress. Each board would have a defined role in the organisation, with Executive Management Board more established than the Customer and Operations Board (COB) or the Digital and Strategy Board (DSB). The priority into 2019 is to:

- Continue to establish the governance approach across NRS
- Better understand the linkages between the boards
- Establish forward work plan for EMB for 2019

9.3 The Committee would have the opportunity to request a deep dive of activity from any of the Boards and with the potential to examine assurance activities in the organisation.

New Action (A13/18): EMB forward work plan 2019 to be shared with ARC members. Action Owner: Secretariat

9.4 In summary, the committee agreed to continuing the adopted approach of reporting through the Governance report which provided ARC members with assurance and confidence that appropriate information was being reported. Also closing off an action from the Audit and Risk Committee self-assessment checklist.

10. Internal Audit interim progress report on active/follow-up audits

10.1 Myra Binnie (MB) summarised the key messages from the report and updated the Committee on current activities as follows:

- Scottish Government Internal Audit Directorate (SG IAD) remained on track to deliver the 2018-19 programme.
- Lorraine Twyford had been appointed as the new Internal Audit Business Manager covering NRS.
- SG IAD is looking to provide greater coverage of SG corporate systems during the remainder of 2018-19.
- The planning process for 2019-20 had recently commenced.

10.2 External auditors were also engaging with SG IAD to work together.

New action (A14/18): Committee members to be added to SG IAD quarterly information bulletin. Action Owner: SG IAD Lorraine Twyford

11. Audit Recommendation Status Report

11.1 Anna Krakowska informed the Committee that the IT Security Events and GDPR recommendation has now concluded, reducing the open recommendations from 18 to 16. External Audit would also include progress on the recommendations in their future report.

11.2 The Committee noted the progress was being made to reduce the number of open actions and recognised the effort from management to conclude action on audit recommendations. The Committee were content that NRS were prioritising action for the remaining actions appropriately.

12. Forward Look

12.1 The Committee noted the content of the forward look and considered the timetabling of the 'deep dive' discussions at ARC. No further 'deep dives' topics were identified by the Committee at this point, although Change risk may be something to consider for discussion at a future meeting.

13. Audit Scotland Report: EU Withdrawal

13.1 The Committee noted the report which was tabled for information.

14. Any Other Business

14.1 Mandy Gallacher raised the fact that only two Committee members were present for the meeting and questioned the appropriateness of the current quorum. It was noted that there is an action for management to consider succession planning to ARC and that increasing the membership of the Committee should be a high priority.

14.2 There was no other business arising. The next meeting is scheduled for Thursday 28 February 2019 Room 1/G/8, Ladywell House, Edinburgh.

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