

NRS AUDIT AND RISK COMMITTEE MEETING (ARC)

15 September 2022

MS Teams

ARC Members

Colin Ledlie (Chair)	NRS Non-Executive Director
Bill Matthews	NRS Non-Executive Director
Maggie Waterston	NRS Non-Executive Director
Anne Moises	NRS Non-Executive Director

ARC Attendees

Kate Moffat	Internal Auditor – Scottish Government
Asif Haseeb	External Auditor – Audit Scotland
Graeme Samson	External Auditor – Audit Scotland
Paul Lowe	NRS, Chief Executive
Linda Sinclair	NRS, Director of Corporate Services & Accountable Officer
Claire Gillespie	NRS, Chief Financial Officer
Lesley Smillie	NRS, Census Director team (Item 3)
Anna Krakowska	NRS, Head of Strategy and Planning
Shirley Cameron	NRS, Head of Business Management
Graham Thomson	NRS, Business Management (Secretariat)

Apologies:

Christine Martin	NRS Non-Executive Director
Piotr Zelik	Internal Auditor – Scottish Government

1. Welcome, Introductions and Apologies. Declaration of Interests & Matters Arising

1.1 The Chair welcomed everyone to the meeting. Apologies were noted as listed above and Anne Moises was welcomed to her first meeting as a member of the Committee.

1.2 Anne Moises thanked the chair and noted that she was delighted to join the NRS ARC. She made a declaration of interests to the Committee, this related to her ongoing work to undertake Gateway reviews. This was not expected to conflict with NRS business and she confirmed that she would not carry out gateway reviews in respect of NRS.

1.3 Maggie Waterston advised that she had been appointed to a new NxD role with the Royal Society of Public Health. This was not expected to conflict with NRS business.

2. Meeting held on 28 June 2022

2.1 The minutes from the last meeting on 28 June 2022 were approved and would be published on the NRS website.

2.2 Action A02/22: Audit Recommendation Status Report – To review live Audit Scotland recommendations for closure. Owner: Linda Sinclair/ Audit Scotland. Action noted as completed and closed.

2.3 Action A03/22: Claire Gillespie to provide analysis of the 2022/23 budget and regular tracking of spending versus budget throughout the year. Action noted as completed and closed.

2.4 Action: A04/22: Draft NRS Annual Report and Accounts 2021/2022 - A further draft to be circulated to ARC members once CEO foreword was added to the draft. Action noted as completed and closed.

3. Scotland's Census 2022 Programme Report

3.1 Lesley Smillie provided an overview of the Scotland's Census 2022 Programme Report as follows:

- An update on the census collect activity since the Committee had last had a report in June 2022. Including the census coverage survey field activity.
- Activity was underway in relation to updating elements of the census business case. Benefits evaluation would continue.
- Activity to learn lessons from the census collect operation period was underway. With action with suppliers to evaluate and close down objectives.
- An update on the next phase of the programme, including access and use of administrative data uses and the role of the International Steering Committee.

3.2 An evaluation report on census collect activity was being planned and was expected to be published in 2024.

3.3 It was noted that the Scottish Parliament's Constitution, Europe, External Affairs and Culture Committee had launched an Inquiry inviting views. Professor Sir Ian Diamond, National Statistician and Professor David Martin, Deputy Director UK Data Service, had attended an evidence session on the 8th February, representing the ISG. The Cabinet Secretary, supported by Paul Lowe and Pete Whitehouse, were due to give evidence on the 15th.

Action A05/22: To provide a link of the Scottish Parliament's Constitution, Europe, External Affairs and Culture Committee meeting minutes from 8 and 22 September 2022. Owner: Lesley Smillie

3.4 Census colleagues from New Zealand had been in contact and were keen to learn from NRS and its preparations and plans for dealing with lower response rates.

3.5 Maggie Waterston noted the use of some "passive language" in the Census slide deck. Paul Lowe confirmed that this would be looked in to for future communications.

3.6 Bill Matthews noted his appreciation to all those involved in Census activity. Bill also asked how the Census Programme would update ARC members as the

programme moved into a different phase. Paul Lowe confirmed that key changes in respect of risk, governance and finance issues would continue to be shared with the Audit and Risk Committee.

3.7 Anne Moises noted as a member of the Census Programme Board, that it was reassuring to see the level of information shared and level of scrutiny of the programme which already took place at the Audit and Risk committee.

3.8 Colin Ledlie echoed the supportive comments of fellow Committee members.

4. Finance

4.1 NRS Annual Report and Accounts (ARA) Covering Report

4.1.1 Claire Gillespie presented the NRS ARA Covering Report which outlined the process and timelines completed as part of the audit, completed by Audit Scotland, of the NRS Annual Report and Accounts. No matters arising were raised as significant and Audit Scotland had advised of an unmodified opinion and were content that the financial statements gave a true and fair view of NRS as at 31 March 2022.

4.1.2 Claire Gillespie reported that Audit Scotland had plans to follow-up with Scottish Parliament on the Section 22 report of the NRS ARA 2020-2021. The ARA from 2021-2022 would be laid in Parliament at the same time. Provisionally this would take place around early December.

4.2 NRS Annual Report and Accounts for 2021-2022.

4.2.1 Claire Gillespie introduced the NRS Annual Report and Accounts for 2021-2022

4.2.2 As Accountable Officer, Linda Sinclair noted she was content that the accountability and governance reports were an accurate reflection of NRS.

4.2.3 The Committee were content to recommend that the Accountable Officer approve and sign the NRS Annual Report and Accounts for 2020-2021 (AR&A).

4.2.4 The NRS Accountable Officer and Audit Scotland would sign the AR&A which would be submitted to the Auditor General. In due course the AR&A would be laid in the Scottish Parliament.

4.2.5 Anne Moises praised the effort that went into getting to a position of balance.

4.2.6 Maggie Waterston also praised the effort of the Finance team.

4.3 NRS Letter of Representation

4.3.1 Claire Gillespie introduced the NRS Letter of Representation

4.3.2 The Committee noted the report

4.3.3 Claire Gillespie noted her thanks to Paul Lowe and Linda Sinclair for all their support.

4.4 NRS Financial Report

4.4.1 Claire Gillespie introduced the NRS Financial Report.

4.4.2 Core NRS for year to date was performing to budget.

4.4.3 A risk of pressure to the budget had been identified relating to the Scottish Government pay deal for financial year 2022-2023 which would include NRS staff. Current inflation levels were resulting in negotiations for higher than anticipated pay deals. It was noted that no announcement had been made. The risk was for both core NRS and Census staff costs. No additional budget provision had been provided to NRS to offset any increases.

4.4.4 For Census, NRS was reporting an underspend based on the profiled spend to date. Where possible this would be used to offset the pressure for the one month census collection extension. This was, as stated to the Parliament CTEEA committee now at £6M pressure, reduced from the original £9.76M maximum potential pressure declared by Ministers to Parliament. Analysis continued on the supplier and other costs and would form part of a mid-year review of budgets.

4.4.5 Maggie Waterston questioned the forward look to year end. Claire Gillespie confirmed the mid-year review work has commenced and a further update would be presented to Committee at the next meeting.

4.4.6 Other activity was underway which would impact on budgets included change portfolio activity and more broadly, activities relating to a Scottish Government Resource Spending Review for future years budgets.

4.4.8 Colin Ledlie asked about the resourcing and pressures within the Finance team. Claire Gillespie confirmed the team numbers, skills and the services the team provided was continuing to grow. Linda Sinclair added that NRS was building in a consistent approach to assist with future financial planning.

5. External Audit

5.1 ISA 260 Covering Letter

5.1.1 Asif Haseeb gave an update on the ISA 260 Covering Letter.

5.1.2 Asif Haseeb asked Committee members if they were aware of any issues with fraud. Committee members confirmed they were not aware of any issues.

5.2 Annual Audit Report 2021-2022

5.2.1 Asif Haseeb introduced the Annual Audit Report 2021-2022

5.2.2 The committee noted the report.

5.2.3 Colin Ledlie placed on record his thanks to Asif and his team for all their hard work over the last six years, noting that a change in auditor for NRS had been planned for 2022-2023 financial year audit.

6. Internal Audit

6.1 Internal Progress Report on active/follow up audits

6.1.1 Kate Moffat gave an overview of the active/follow up audits.

6.1.2 The Committee noted the paper, and no questions were raised.

7. Audit and Risk Committee Governance

7.1 ARC Annual Report 2021-2022 to the NRS Chief Executive, Accountable Officer and Strategic Board

7.1.2 The report was noted by the Committee with no follow up questions. The report would be published on the NRS website following the laying of the NRS Annual Report and Accounts 2021-2022 in the Scottish Parliament.

7.1.3 Paul Lowe noted his thanks to all Committee members for their hard work and dedication throughout the year.

7.2 Committee Self-Assessment Checklist

7.2.1 Colin Ledlie asked incoming Chair, Bill Matthews, about future governance of the Audit and Risk Committee. Bill Matthews confirmed discussions with Paul Lowe had taken place and he would assume the chair from 16 September 2022.

7.3 ARC Terms of Reference

7.3.1 The Committee noted the updated version of the Terms of Reference, including the updated Non-Executive Director membership.

8. Committee Reports - To Note and Questions

NRS Governance Report

8.1 Linda Sinclair introduced the paper.

8.2 The Committee noted the report. Colin Ledlie commented that more time should be taken to look at risk registers and this would be included on Colin's handover to the incoming Chair.

NRS Portfolio report

8.3 The Committee noted the report. Colin Ledlie highlighted the risks noted relating to Estates and accommodation. A future deep dive had been planned and Linda Sinclair reported that work to address the red and amber risks was ongoing.

8.4 Anne Moises asked about the backlog in work relating to the storage of records and rising electricity costs and how this would be prioritised. Linda Sinclair confirmed NRS was actively looking into this and the future footprint of NRS, including Hybrid working. Linda Sinclair would provide an update at the next meeting.

8.5 Paul Lowe added there were historic issues with funding requests in relation to physical storage capacity that had been raised with the Scottish Government. Storage was a priority area and NRS was looking at a wide range of options.

NRS Assurance update

8.6 The Committee noted the report. Asif Haseeb would amend a slight typo in the report before approval. This was approved by the Committee. Colin Ledlie and Linda Sinclair placed on record their thanks to all involved in producing the report.

NRS Audit Recommendations Status Report

8.6 The Committee noted the report. There were no further questions and Colin Ledlie placed on record his thanks to all involved in producing the report.

9. To Note: ARC Forward Look for year ahead

9.1 The Forward Look was noted by all Committee members.

10. AOB & Date of Next Meeting

10.1 With Colin Ledlie noting his resignation as Chair of NRS ARC and as an NRS Non-Executive Director, Paul Lowe noted his thanks to Colin for all his hard work and invaluable contributions over the years to the NRS Audit and Risk Committee, the NRS Strategic Board and to the wider National Records of Scotland community and wished him well for the future.

10.2 Paul Lowe welcomed Bill Matthews as Chair of NRS ARC and was looking forward to working with him.

10.3 Colin Ledlie thanked all Committee members for their hard work and support to him over his time as Chair of NRS ARC.

10.4 The date of the next meeting was noted as 29 November 2022

End