

NRS AUDIT AND RISK COMMITTEE MEETING

4 March 2022

MS Teams

ARC Members

Colin Ledlie (Chair)	NRS Non-Executive Director
Bill Matthews	NRS Non-Executive Director
Christine Martin	NRS Non-Executive Director
Maggie Waterston	NRS Non-Executive Director

ARC Attendees

Joseph Reid	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)
Heather Lowrie	NRS, Lead Security Architect (Item 3)
Mandy Gallacher	NRS Non-Executive Director (Item 3)
Shirley Cameron	NRS, Head of Business Management
Donna Wotherspoon	NRS, Business Management (Secretariat)

Apologies:

Kate Moffat	Internal Auditor – Scottish Government
Anna Krakowska	NRS, Head of Strategy and Planning

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

- 1.1 The Chair welcomed everyone to the meeting. Apologies were noted as listed.
- 1.2 No declarations of interest or matters arising were raised.

2. Meeting held on 16 September 2021

- 2.1 Minutes from the last meeting on 9 December 2021 were approved.
- 2.2 **Action A02/21: Leslie Smillie to consider how NRS NXDs might be supported with guidance in relation to census communication and engagement activity. Owner: Lesley Smillie**

It was agreed to close this action as support had been provided through a number of channels.

3. NRS Census 2022

- 3.1 Lesley Smillie provided Committee members with an update on the programme status. The following topics were covered:

- The Programme Status was reported as Amber/Green; Census Collect live had commenced on 28 February as planned.
- Daily Management Information reports showed a positive response to date.
- A daily view was being taken on enumerator and field force numbers.
- The contact centre live operation had commenced on 28 February; call volumes were slightly higher than modelled, with a majority being requests for paper copies of the census return.
- Programme morale was good but the team remained aware of the work to come beyond the Collect phase.
- The delivery management forum met weekly and daily stand up activity continued to ensure risks were considered and managed.
- Security and cyber risks were now at Medium and work continued on anti-fraud measures.
- An SG Technical Assurance Framework (TAF) report had identified one recommendation relating to the data processing system which was being managed.

3.2 Bill Matthews noted the work that had been required to reach the collect phase, and the work to come in processing the data. He also raised the question of what else within the organisation needed attention beyond Census. Paul Lowe confirmed that NRS needed to maintain all of its activities alongside the multi-phased Census programme.

3.3 Christine Martin congratulated all involved, and asked about the data processing system and the IT team. Paul Lowe confirmed that there had been a change to the system following testing in 2021; as a result the TAF assessment had been requested which gave a positive report. The resilience of the IT team had been strengthened with support of additional resource.

3.4 Paul Lowe highlighted the activity relating to the legal aspects of Census. Noting that the Court of Session had in an appeal hearing upheld the judicial review decision relating to the NRS guidance to support the sex question.

3.5 Colin Ledlie enquired about the financial position. Linda Sinclair noted the programme straddled financial years, and close monitoring continued for the year end position.

3.6 Heather Lowrie added a short note on security, mentioning the positive report from pre-live assurance activity, and the ongoing awareness and monitoring actions in place for the live security operation.

4. NRS Finance Report

4.1 Claire Gillespie presented a paper to the meeting, showing a forecast underspend on staff due to factors outside NRS control, a dip in income that could be COVID related, and capital budget on track to balance for year end.

4.2 The budget exercise for 2022/23 had been commissioned to allow NRS to commence the year with a balanced budget.

4.3 Recommendations from the Section 22 report of the Auditor General for Scotland did not highlight any change to the audit approach. NRS would meet with Audit Scotland to finalise detailed dates for the 2021/22 audit.

4.4 Maggie Waterston noted the report and asked if the outturn and the balanced budget would be available before the next meeting. Claire Gillespie noted work to finalise the budget for 2021-22 would progress ahead of the next ARC meeting.

5. External Audit Plan 2021-2022

5.1 Asif Haseeb noted that the timelines for the 2021/22 audit were slightly earlier than the previous year and that this was year six of the Audit Scotland appointment.

5.2 Colin Ledlie asked about the succession process. Asif Haseeb confirmed that the Auditor General would appoint a firm and that there was a formal handover protocol applicable which included engagement with ARC.

5.3 Linda Sinclair noted that ARC members would be advised once NRS had been notified and would confirm the transition arrangements.

6. SG Internal Audit and Assurance reports

6.1 Draft SG Internal Audit Plan for 2022-2023

6.1.1 Joseph Reid presented a paper to the meeting showing the plan for 2022-2023, noting it was a draft for comment, and highlighting Culture, Capital Strategy and Planning, and Registration Services as areas of focus.

6.1.2 Bill Matthews asked about the balance of cycling back over areas of previous audit or adding more. Linda Sinclair noted the build on previous audits for both Culture and Capital so that two of the three areas of focus have an ongoing theme.

6.1.2 Paul Lowe noted he found the plan tables useful but was conscious of the need for follow up activities to address actions.

6.1.3 Non-Executive Directors raised questions around the Culture review. Linda Sinclair noted that Internal Audit were piloting an approach to Culture reviews. The audit would look at a range of activities which would provide NRS with a baseline snapshot to build on.

6.2 Progress reports on active/follow-up audits

6.2.1 Joseph Reid presented a paper to members showing progress on the existing audit which was on target to complete by year end.

7. Committee Reports - To Note and Questions

NRS Governance Report

7.1 Linda Sinclair introduced the paper, which provided a summary of activity across the NRS internal systems of control. The impacts of COVID and of resourcing against the marketplace were noted.

NRS Portfolio report

7.2 The Committee noted the report, which provided an update on the status of current NRS projects and programmes.

NRS Assurance update

7.3 The Committee noted the report, which provided an update on the status of assurance activities since the last report presented to Audit and Risk Committee in December 2021.

NRS Audit Recommendations Status Report

7.4 Colin Ledlie noted the number of audit actions with no completion date and asked for a response on this at the next meeting.

Action A01/22: NRS Audit Recommendations Status Report: To arrange for the report to note current target completion dates where required and to assist with tracking. Owner: Linda Sinclair

8. To Note: ARC Forward Look for year ahead

8.1 The report was included for information and outlined proposed ARC business. A revised forward look would be drafted for financial year 2022-2023 and beyond.

9. AOB & Date of Next Meeting

9.1 No other business was raised.

9.2 The date of the next meeting was to be confirmed in May or June 2022

End