

## **NRS Audit and Risk Committee (ARC) Meeting 5 March 2020**

**Lord Clerk's Register Room, General Register House, Edinburgh**

### **Attendees:**

Colin Ledlie (Chair)	NRS Non-Executive Director
Christine Martin	NRS Non-Executive Director
Asif Haseeb	External Auditor – Audit Scotland
Jonny Steen	External Auditor – Audit Scotland
Dougie Shepherd	Internal Auditor – Scottish Government
Lorraine Twyford	Internal Auditor - Scottish Government
Paul Lowe	NRS, Chief Executive
Linda Sinclair	NRS, Director of Corporate Services & Accountable officer
Laura Mitchell	NRS, Director of Information and Records Services (item 3)
Carla McHendry	NRS, Delivery Director (observer)
Steven Hanlon	NRS, Chief Financial Officer
Pete Whitehouse	NRS, Director of Statistical Services (item 9)
Andy Robertson	Census Director Team (item 8 & 9)
Shirley Cameron	NRS, Business Management, secretariat
Paula Gellatly	Corporate Governance Manager, secretariat

### **Apologies:**

Bill Matthews	NRS Non-Executive Director
---------------	----------------------------

## **1. Welcome, Introductions and Declaration of Interests**

1.1 The Chair welcomed everyone to the meeting, including Carla McHendry and Paula Gellatly, attending their first meeting. Other attendees were noted as Laura Mitchell, Andy Robertson and Pete Whitehouse for items as listed above. Apologies and observers were noted.

1.2 There were no new Declarations of Interest.

## **2. Minutes and Actions**

2.1 The minutes of 28 November 2019 were accepted with one minor amendment to the apologies section. The minutes would be published on the NRS website, governance page.

2.2 Actions were reviewed as follows:

- Action A07/19: Induction and training opportunities for ARC. The action was ongoing. Induction had continued individually with Christine Martin, however further opportunities for building tours and staff engagement for the wider NXD group would be explored, alongside opportunities for SG Digital Assurance awareness opportunities. Action: ongoing.

- Action A08/19: Census Programme - provide the Committee with a deep dive for two risk topics at each meeting. Forward schedule updated. Completed.

### **3. Risk Deep Dive - NRS Estates Deep Dive follow-up report (including archive physical preservation) – Linda Sinclair and Laura Mitchell**

3.1 Linda Sinclair explained the paper was a follow-up to a previous deep dive and provided a more in-depth review of three risks reported for Estates. These were:

- Storage capacity
- Accommodation for NRS Staff
- Physical security/health and safety

3.2 Laura Mitchell provided an overview of the risk noted as Storage Capacity. This was noted and discussed as follows:

- The background to the risk and the challenges being faced in terms of ongoing storage demands and projected capacity issues that would arise over the next 3-5 years
- Archival Storage – despite digital storage solutions, paper continued to be deposited in quantity and this was likely to continue for quite some time.
- Three key challenges were highlighted to the Committee:
  1. Buildings with archival storage;
  2. Storage environment; and
  3. Capacity for immediate future needs
- Future Storage options – it was noted that storage would become an issue in the future, short and longer term opportunities and options to optimise and utilise space in different ways would be considered.
- It was also noted that depositor organisations are now creating both paper and digital records. The challenge was known and containable at present.
- It was noted that a programme would be initiated, to look at and explore options which would likely require capital funding.
- A follow-up to the deep dive would be reported and timetabled for further discussion.

3.3 Linda Sinclair provided an overview of risk noted as Accommodation for NRS Staff, as follows:

- Key objectives for NRS Estates were reported as – facilities management, compliance, meeting business requirements, internal and external maintenance of buildings and surroundings, and tenant and lease management.
- NRS buildings – maintenance was a significant focus of Estates activity.
- Challenges were noted as – the condition of the Historic estate, maintenance backlog; lack of systems to support operations; and capacity issues in terms of in-house specialist expertise and resource requirements. There had been some

increases in team resources but not all of these additional posts had been filled to date.

- Opportunities were noted as – full review of estate condition; information gathering on plant, building and operations; external resource expertise utilised; and advancement in technology.
- An overview of the Estates activity for each of the six NRS buildings was reported.

3.4 Linda Sinclair provided an overview of the risk noted as Physical Security/Health and Safety, which included:

- Physical security – recruitment of resource to lead on security for estates had been successful, with a new Head of Physical Security expected to start in April.
- Health & Safety – an external review had reported in January 2020. A number of recommendations had been identified and it was noted that these would be developed into an action plan with shorter and longer term deliverables. Additional resources were also being recruited to support this work.

3.5 The Committee noted the progress made. A further deep dive update would be built into the forward meeting plan.

#### **4. NRS Finance Report – End Period 9 - Steven Hanlon**

4.1 Steven Hanlon presented the report which provided the financial position at the end of period 9 of the 2019-2020 financial year.

4.2 The Committee heard that the reported overall figure for NRS originated from component parts from core NRS and the Census Programme. Overall a small projected underspend of £0.6m was reported with consideration of opportunities to accelerate planned work to mitigate any further increase in underspend.

4.3 The draft budget for 2020/21 had now been agreed by the Scottish Parliament, with the NRS Executive Management Board to be asked to approve the allocation at their meeting in March 2020.

4.4 A request for the finance report to be developed to include the period between meetings would be actioned.

**Action A01/20: To develop the Finance report to include the period between meetings. Owner: Steven Hanlon**

#### **5. Draft Internal Audit Plan for the coming financial year and progress reports on active/follow-up audit - Lorraine Twyford**

5.1 Lorraine Twyford indicated that the 2019-2020 plan was nearly completed. Two audits had concluded with final reports issued, both of these had provided a substantial assurance opinion. A third audit, to review ICT Requisitioning had also concluded and was noted as 'substantial'.

5.2 It was noted that Dougie Shepherd would be moving to a new role and would be replaced by Kate Moffat as the Senior Internal Audit Lead supporting NRS. Paul Lowe thanked Dougie Shepherd for his support and his collaborative approach to the Internal Audit reviews.

## **6. External Annual Audit Plan for 2019-2020 - Asif Haseeb**

6.1 Jonny Steen summarised the planned audit activity which would focus on six key areas as stated in the report.

6.2 The timelines of plan indicated that the Annual Audit Report would be presented at the ARC meeting on 3 September 2020. The Committee noted the plan.

## **7. NRS Assurance Activity Update - Linda Sinclair**

7.1 The report provided an update on NRS assurance activities since the last report had been presented to ARC in November 2019.

7.2 Linda Sinclair summarised the paper and also provided an update on the approach being developed to map assurance activities according to three levels of assurance (lines of defence). Internal and external assurance against seven risk themes identified on the corporate risk register would also be developed to provide a RAG status highlight report. The Committee were invited to note the approach.

## **8. NRS 2021 Census – assurance report – Andy Robertson**

8.1 Andy Robertson presented the report which the Committee were invited to note. The report included an overview of the Census status summary as well as an overview of assurance activities as follows:

- Census Assurance Reviews already applied
- Assurance Recommendations Summary / Status – NRS Level
- Assurance Recommendations Summary / Status – Programme Level
- Assurance Action Plan Review Results – Feb 20
- Assurance Considerations / Key points
- Assurance Schedule for remainder of Census
- Digital First Internal Review – Key Issues

8.2 Paul Lowe commented that the change in status reported in early 2019 from RED to AMBER/RED later that year signified the focus that NRS had placed on the Census Programme at an Executive level. Encouraging further progress was being made to move the programme towards Amber.

## **9. Deep Dive - NRS Census 2021 Risk Management (three risk themes scrutinised) - Andy Robertson and Peter Whitehouse**

9.1 R001 - Legislation. Peter Whitehouse indicated that there were significant dependencies from the Census legislation to the delivery of the Census 2021 Programme Plan. It was reported that the draft Census Order had been agreed by the Scottish Parliament on 4 March 2020, which was earlier than originally expected. The Order was expected to go to the Privy Council on 11 March 2020 with the Regulations now on track for approval following Parliamentary Committee scrutiny, on 2 June 2020.

9.2 The Committee noted that the approval of the Order by the Scottish Parliament reduced this risk. It was noted that risk of a legal challenge from a stakeholder group was possible however.

9.3 Paul Lowe expressed his thanks for the efforts of the Census Legislation team in engaging formally with the Parliamentary Committee which had resulted in the early approval of the Census Order and the reduction of the risk.

9.4 R007 - Fixed Timeline Pressure – Andy Robertson summarised the risk that fixed delivery timelines for Census 2021 and commitments to the production of first results within the year could have a detrimental impact on programme budget, resourcing or quality of outputs. Areas being explored to provide mitigation, included planning considerations, contingency and budget in relation to financial and contract controls.

9.5 R010 – 2020/2021 budget approval. Andy Robertson confirmed that R010 had been closed as the budget had now been agreed by Scottish Government. It was noted that the programme had opened R011 to retain monitoring and mitigate ongoing risks on budgets.

## **10. Items To Note and Questions**

10.1 NRS Governance Report - risk management and internal controls – Linda Sinclair. The report was noted.

10.2 NRS Audit Recommendations Status report. The report was noted

10.3 Coronavirus risk - Colin Ledlie asked if resilience as part of a Business Continuity and incident management deep dive could be considered. Linda Sinclair would pick this up as part of a Business Continuity deep dive in May. Linda confirmed that there were various plans in place for Business Continuity which were linked in with SG HR and Incident Management processes if services to the public were to close and to support staff.

**Action: A02/20: To include resilience in the Business Continuity Deep Dive in May. Owner: Linda Sinclair**

## **11. ARC Forward Look for year ahead & EMB Forward Look. - Linda Sinclair**

11.1 With Business Continuity being considered as a deep dive at the meeting on 28 May, a planned IT Delivery deep dive would be moved to 3 September ARC. An Estates deep dive follow-up would be timetabled.

**12. Date of Next Meeting - 28 May 2020**

**END**