

NRS AUDIT AND RISK COMMITTEE MEETING
5 September 2019
Media Room, General Register House, Edinburgh

Present:

Colin Ledlie	Committee Member, Non-Executive Director (Chair)
Bill Matthews	Committee Member, Non-Executive Director
Mandy Gallacher	Committee Member, Non-Executive Director
Asif Haseeb	Audit Scotland, External Auditor
Jonny Steen	Audit Scotland, External Auditor
Dougie Shepherd	Scottish Government, Internal Auditor
Lorraine Twyford	Scottish Government, Internal Auditor
Paul Lowe	NRS, Chief Executive
Linda Sinclair	NRS, Director of Corporate Services & Accountable Officer
Steven Hanlon	NRS, Chief Financial Officer
David Craig	NRS, Census 2021 Programme Director (Item 3)
Shirley Cameron	NRS, Business Management (secretariat)

Apologies:

Amy Wilson	NRS, Director of Statistical Services
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1. Welcome, Introductions and Declaration of Interests

1.1 The Chair welcomed everyone to the meeting. David Craig was attending to deliver the Scotland's Census 2021 Programme Update. Apologies were noted from Amy Wilson.

1.2 It was noted that Mandy Gallacher will be resigning from the Committee following the meeting. Mandy would continue as an NRS Non-Executive Director and would continue to attend the NRS Strategic Board. The Committee noted their thanks to Mandy for her service and support.

1.3 Bill Matthews advised that he was now a member of the Census 2021 programme board, a role undertaken as a Non-Executive Director of NRS. No other new Declarations of Interest were noted.

2. Minutes and Actions

2.1 The minutes of 28 May 2019 were accepted. The minutes will be published on the NRS Website Governance page.

2.2 The Committee was content to close all actions as completed.

3. NRS Census 2021: Update Report

3.1 David Craig provided the Committee with an update on the programme status. The following were discussed:

- Programme Overview – reported the programme status as Amber/Red, reflecting an improvement in the health of the programme since the self-declared red, noted at the last ARC meeting. A revised approach to census rehearsal was in place, along with a detailed plan. Programme governance had also been revised, addressing recommendations from a Gateway Healthcheck, this included a refresh of programme board and subordinate group memberships and terms of reference and work to clarify the roles and accountabilities of NRS Directors and senior programme staff.
- Board membership – the changes to the board were aimed at strengthening external challenge and support to the programme. New members included Scottish Government representation, an external board member and NRS Non-Executive Director members. Paul Lowe as Registrar General was chairing the Programme Board with all NRS Directors in attendance as members. The Committee agreed that reporting to the Strategic Board as well as ARC should continue and for NRS to continue to evaluate the revised governance approach to consider if the revision was being effective. PL confirmed that the new governance arrangements would be kept under review.
- Readiness for collection rehearsal – reported the progress and key milestone points. An announcement of the Rehearsal date (13th October 2019) had been made on 22 August 2019, however a set of Go/No Go decision points have been developed with the next of these scheduled for 27 September with assurance activities on-going ahead of this.
- Legislation – The Census (Amendment) (Scotland) Act 2019 had received Royal Assent on 18 July 2019, with its substantive provisions (section 1) coming into force on 18 September 2019. Engagement with the Culture Committee was continuing on the draft Census Order, with the intention of laying the Census Order by 12 December 2019, and coming into force in March/April 2020. The plan to lay the Census Regulations shortly afterwards would see the Regulations coming into force before the recess of the Scottish Parliament in June 2020. The Committee heard that engagement with the Culture Committee would be on-going to reduce the risk of delays to the timetable which would potentially impact on operational readiness for March 2021.
- Assurance Activity – an update on the activities of the Census Assurance forum was provided.
- Gateway Review 0 – a summary of the report recommendations and action planning work were provided. It was noted that an assurance of action plan review would be undertaken later in the year with a further Gateway Review 0 planned for July 2020. It was noted that a rehearsal technical assurance review would take place in early September.

3.2 The Committee also discussed:

- It was noted that Pete Whitehouse had been appointed as Director of Statistical Services and would join NRS shortly. Pete would replace Amy Wilson in this role, following her promotion to a role in the Scottish Government.
- Internal Audit report on Census – had now concluded.

- Risk management – The Committee discussed the visibility of risk management in the programme. NRS agreed to consider how high level risks should be reported to ARC.

Action A6/19: Census Programme – provide the Committee with a standing report on high level risks.

4. NRS Annual Report and Accounts 2018-2019

4.1 The Committee had been provided with a draft copy of the NRS Annual Report and Accounts (AR&A) for 2018-2019. Steven Hanlon summarised key points from the paper and reported that one material adjustment identified during external audit scrutiny had been applied.

4.2 The Committee reviewed the governance statement in the annual report noting the Limited Assurance opinion from Internal Audit. Internal Audit confirmed that the recently issued Census related report did not change their opinion.

4.3 Ahead of approving the AR&A the Committee sought the opinion from NRS's External Auditors, Audit Scotland.

5. Audit of NRS Annual Report and Accounts 2018-2019 & Audit Scotland's 2018-19 Annual Audit Report

5.1 Asif A Haseeb introduced the ISA 260 Covering Letter and Annual Audit Report to the Committee. The main findings and key messages of the report were drawn to the Committee's attention by Jonny Steen as follows:

- Audit opinion of the Annual Report and Accounts 2018-2019
- Findings and recommendations regarding staff leave, accounting of non-current assets and Register of Interests.
- Increases in temporary staff costs.
- Challenges in 2019-2020 budget in relation to delivery of the Census rehearsal.
- Recommendation for Executive Management Board to monitor key contract milestones, resources and expertise relating to the Census Programme.
- Recommendation for clear efficiency savings targets for medium term financial planning and to address budget pressures.
- Development of performance management framework should be prioritised in 2019-2020.

5.2 The Committee considered the report and recommendations as follows:

- Register of Interests would be progressed for Non-Executive Directors, clarification was being sought regarding NRS staff .

- Training for ARC would be considered, alongside induction training for a new member, recently recruited.

Action A07/19: Induction planning and wider training requirements for ARC – consider opportunities ahead of the next meeting on 28 November 2019.

5.3 The Committee were content to recommend that the Accountable Officer approve and sign the NRS Annual Report and Accounts for 2018-2019(AR&A).

5.4 The NRS Accountable Officer and Audit Scotland would sign the AR&A and submit it to the Auditor General for clearance before it is laid in the Scottish Parliament.

6. Audit and Risk Committee Annual Report 2018-2019

6.1 The Committee approved the Audit and Risk Committee Annual Report which would subsequently be published on the NRS website.

7. NRS Finance Report 2019-2020 – End Period 3

7.1 Steven Hanlon presented the report which asked members to note the financial position at the end of period 3 of 2019-2020.

7.2 A projected overspend position for 2019-2020 revenue budget had arisen, however this was expected to reduce due to actions being taken to review staff cost forecasts and adjustments relating to pensions.

7.3 The capital budget continued to be managed as a central budget for 2019-2020 with further consideration of steps to manage any unallocated budget by the NRS Executive Management Board at their September meeting.

7.4 The Scottish Government had commissioned a spending review and NRS had responded to this.

8. Internal Audit Progress Report for Audit and Risk Committee

8.1 Lorraine Twyford introduced the paper and indicated the 2019-2020 plan was currently on track to be delivered as detailed.

8.2 The Census finance management report had been finalised which had concluded the previous year's review. The 'limited assurance' opinion reported on 28 May 2019 had been confirmed.

8.3 A delivery partner had been procured by SG Internal Audit to strengthen capacity and capability and would be available to draw on, as appropriate, for NRS audits.

8.4 The audit plan 2019-2020 had some capacity for additional reviews as appropriate and NRS would be considered at the next Executive Management Board on 19 September where this may best be applied. ARC Committee members were also invited to feed in opinion.

9. Audit and Risk Committee Terms of Reference Review

9.1 The Committee had considered the minor amendments to the Terms of reference and agreed the business planned for the coming year. The Committee approved the Terms of Reference.

10. Audit and Risk Committee Self-Assessment Checklist

10.1 Colin Ledlie invited comments from the Committee on the self-assessment report. After a short discussion, a number of minor updates to section 60 and 61 were agreed.

10.2 The Committee noted the content of the report and provided approval.

11. NRS Governance Report

11.1 Linda Sinclair presented the report, inviting comments, the following topics were raised:

- Project and Programme Portfolio Management – it was noted that this would be reviewed by the Digital And Strategy Board, with the exception of the Census Programme Board which would continue to be managed by the Executive Management Board.
- Estates continued to be a focus of activity.

12. NRS Assurance Activities Update

12.1 Linda Sinclair reported that an assurance map would be presented to the Committee at the next meeting in November 2019. Also planned was a deep dive session on Cyber Security.

12.2 Paul Lowe provided the committee with a summary update of current and ongoing assurance activity around the Census programme.

13. NRS Audit Recommendation Status Report

13.1 Linda Sinclair introduced the report and invited comments from the Committee.

13.2 Workforce planning review – consideration of the approach across NRS to strengthen controls was continuing. Progress was being made to create one workforce planning process and one authorisation route across NRS.

13.3 Internal Audit recognised the considerable progress made by NRS to close off a number of historic recommendations and welcomed this improvement.

14. NRS Business Objectives 2018-2019: Final Closing Statements

14.1 The report was provided for information and was noted by the Committee.

15. Forward Look Audit and risk Committee And Executive Management Board

15.1 The report was included for information and outlined proposed ARC business for the next twelve months. Business for the next meeting would include Census governance and risk management and a cyber security deep dive.

15.2 Items for the February 2020 meeting would include an Estates deep dive follow-up as well as continuing scrutiny of the Census.

16. Any other Business

16.1 Brexit – Internal Audit raised a topic around the visibility of the impact of Brexit on existing contracts and the work they are doing to evaluate the likely impact. IA would make contact with the Accountable officer to discuss.

17. Date of next meeting

17.1 The next meeting was planned for 28 November 2019.

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