

**Consumer Scotland
Audit and Risk Committee Meeting
13 December 2022**

Minute of Meeting

Present:

Nick Martin – Chair
Angela Morgan – Member
James Walker – Member

In attendance:

David Wilson – Chair, Consumer Scotland Board
Sam Ghibaldan – Chief Executive
Sue Bomphray – Director of Operations
Douglas White – Director of Policy and Advocacy
David Eiser – Director of Research and Analysis
Iain Burns – Senior Internal Audit Manager, Scottish Government
Glen Bissett – Internal Audit Manager, Scottish Government
Rebecca McConnachie – Audit & Assurance Manager, Deloitte LLP (External Auditor)
Hilary Tennant – Governance and Corporate Services Manager
Ifthakhar Eresh – Finance, Governance and Corporate Services Officer (minutes)

Apologies:

None

Agenda Item 1 – Welcome and Declarations of Interest.

1. The Chair welcomed everyone to the meeting and introductions were made. There were no declarations of interest.

Agenda Item 2 – Minutes of Previous Meeting

2. The minutes of the previous meeting on 20 September 2022 were approved by the Committee.

Agenda Item 3 – Action Tracker (Sue Bomphray)

3. The Action Tracker was presented to the Committee, and the updates noted as all complete and nothing outstanding.
 - The tender for External Audit services had been awarded to Deloitte LLP; an introductory meeting between Consumer Scotland and Deloitte took place on 8th December.

- The Chair will be presenting a paper on board member responsibilities for audit and risk at today's meeting.

Agenda Item 4 – Financial Report 2022-23 (Sue Bomphray)

4. The finance report was presented to the Committee. The key areas of note were:
 - We continue to see a significant underspend for this year, in main due to the staggered recruitment of staff over this year resulting in a lower than anticipated salary spend. The spend that Scottish Government had incurred on our behalf was anticipated at circa £0.5M but has been confirmed at circa £350,000.
 - It had been agreed that some of the projected underspend would be reallocated to commission work on key project areas through fixed term appointments for specific projects, research and technology projects.
 - As per previous board discussion, we have already offered £125,000 back to Scottish Government, but the likelihood is that this figure will increase.
5. The financial report presented provided actual expenditure to November 2022, along with anticipated spend for the remainder of the financial year, and provided a projected over/underspend position at the year end.
6. In discussion the Committee was made aware of the following points:-
 - Scottish Government are aware of our financial footing as we provide a monthly budget monitoring form to Scottish Government which provides current financial position in relation to our £2.5M of core funding (note this does not include spend against our levy income).
 - Scottish Government operates our core bank account as we are setup as cost centre within the Scottish Government. We do have separate bank account, which is used for payroll only.
 - Any underspend we incur will be returned to the Scottish Government for core funding but for levy funding we claim quarterly in arrears which has a yearly ceiling.

Agenda Item 5 – Financial Report 2023-24 (Sue Bomphray)

7. Our 2023-24 budget request had been submitted to Scottish Government. We have requested £2.47m of core funding, a small reduction against this year's budget but an 11% reduction in real terms. As much of our budget is allocated to fixed costs such as staffing and shared services, any savings would need to come from the programme delivery budget in areas such as research and technology projects.
8. The Scottish Government draft budget is due to be published on 15th December – confirmation will be circulated to Board members once received.
9. Scottish Government has been very supportive of our intention to drive efficiencies; we have identified a number of areas where there could be cost savings, mainly through

collaborating with other public bodies. We have agreed to prepare a five year cost profile showing the potential savings to be gained from working jointly with other public bodies on areas such as accommodation, corporate services and even staffing.

10. We have started working on a five year budget profile.
11. A request from a Committee member to have a baseline figure in next year's budget with a column which shows this year's outturn was noted.
12. We are currently working through our 2023-24 levy workplan and expect to ask for an increase in funding for next year based on increased costs.
13. For accommodation, we have proposed an increased budget based on current projections for Meadowbank House and Saint Vincent Plaza. We are also working with the SG property team to potentially secure shared accommodation with another public body which could result in a small increase in the projected budget.

Action – Outturn to be added to FY 23/24 budget

Agenda Item 6 – Audit and Risk Responsibilities (Chair)

14. The Chair presented a paper detailing the respective responsibilities of the Board, Audit and Risk Committee, and Executive team with regards to audit and risk. This was for information and reference. An annual review of the performance of the Audit and Risk Committee would be undertaken in April each year.

Agenda Item 7 – Draft Risk Management Policy, Framework & Register (Sue Bomphray)

15. The Director of Operations gave an update to the Committee on the proposed development of the CS Risk Management Strategy. This has been developed from SG templates in discussion with key stakeholders and is intended as a starting position for discussion.
16. The aim is to have a framework and policy that determines how we're going to approach risk, how we're going to manage it, and what our risk appetite might be, as well as a draft strategic risk register. We will also have an operational risk register that sits under the strategic register, which would be drawn from our programme tracker.
17. Once we have agreed the headline risks, we will work to identify appropriate controls and implement these to allow us to make a holistic risk assessment.
18. It was agreed that the risk identification process was important but we need to ensure we strike a balance between formal recording and scoring against having meaningful debate and discussion about the risks we face.

19. It was agreed that a workshop be scheduled for January to focus on the detail with a view to having an agreed risk register for sign off at the March Committee meeting.

Action – workshop to be scheduled for January.

Agenda Item 8 – Internal Audit (Iain Burns)

20. Iain Burns provided an update on Internal Audit. Key points were :

- Internal Audit, as part of our core Scottish government plan, undertake work on corporate systems every year. This is factored into the assurance work that is provided to the arm's length bodies that use corporate systems. This will include information about the new shared services programme for finance and HR which is due to come online next year.
- Internal Audit are currently in the advisory phase of their work with Consumer Scotland. They have started planning for a more assurance focused piece of work in Q4. This will be a fairly high-level view as our governance systems are still developing. The outputs of this first piece of assurance work will be presented at the next meeting.

21. The Committee noted that Internal Audit are satisfied with progress to date and do not have any concerns; Consumer Scotland is where they would expect for this stage of their development.

22. A question was raised in relation to cyber risk; the Director of Operations confirmed that we are covered by SG protection as we take IT as a shared service. In addition, cyber security has been included on our risk register to ensure that we have the relevant controls in place and can provide oversight to the Committee and Board. Cyber and data protection considerations are also key components of any procurement activity e.g. during the tender process for the website, each bid was assessed on specific cyber-security requirements by the SG cyber team.

Agenda Item 9 – External Audit (Rebecca McConnachie)

23. Rebecca McConnachie provided an update on implementation of the External Audit service which will be provided by Deloitte LLP on behalf of Audit Scotland.

- Rebecca McConnachie will be the external audit manager, with Pat Kenny as External Audit Partner.
- External Audit will cover financial statements, management and stability as well as value for money and governance transparency.
- In terms of approach, Deloitte tries to be as analytically driven as possible. They will set baseline expectations in year one, and they can progress from there through year two to year five.
- External Audit would normally attend Audit and Risk Committee meetings.
- Deloitte LLP have previous experience of conducting audits of first year set up bodies.

24. The Committee noted that external auditor Deloitte LLP are appointed for five years. Confirmation on the annual fee attributed to Consumer Scotland for the service would be provided by Audit Scotland.

Agenda Item 8 - AOB (Chair)

25. It was agreed that future Committee meetings would need to be longer than one hour. Scheduling would be reviewed to ensure enough time is available; this may mean moving to a different day/week.

Action – ARC scheduling to be reviewed.

26. There being no further business, the meeting closed. The date of the next meeting is currently 14th March 2023 but this will be reviewed in line with the action above.