

Consumer Scotland Audit and Risk Committee Meeting
19 April 2022
Minute of Meeting

Present::

Nick Martin – Chair of A&R Committee and Consumer Scotland Board Member
Angela Morgan – Consumer Scotland Board Member
James Walker – Consumer Scotland Board member

In attendance:

David Wilson – Consumer Scotland Chair
Sam Ghibaldan – Programme Director
Sue Bomphray – HR & Governance support
Iain Burns – Lead Senior Internal Audit Manager Scottish Government
Eresh Ifthakhar - Secretariat

Apologies: None

Prior to the start of the meeting Nick introduced everyone individually to the members.

Agenda Item 1 – Welcome

1. The Chair warmly welcomed all the attendees to the meeting, and noted that it was the inaugural meeting of the Audit & Risk Committee.

Agenda Item 2 – Terms of Reference

2. The Chair commented that for structure, the proposed Terms of Reference closely follow Scottish Government audit committee handbook guidelines.
3. The Chair mentioned that Committee members and their terms of appointment are based on Scottish Government audit handbook recommendation of at least three members.
4. David inquired about who will appoint any independent or co-opted member, the Chair indicated that it would be the board who will authorise the final recruitment of an independent or co-opted member.
5. Angela suggested that the guidance on setting up a new public body could provide direction on the performance framework of the Audit and Risk Committee.
6. The Chair put forward the draft terms of reference for approval and these were approved by the committee members.

Agenda Item 3 – Overview of Internal Audit Service (Iain Burns – SG Internal Audit Lead)

7. Iain presented the overview of the internal audit service to the committee.
The key points were:-

a. Directorate of internal Audit is-

- Part of the core Scottish Government.
- An independent and objective assurance and consulting service designed to add value and improve operations.
- Provides Internal Audit services across the SG including CAP and Fisheries.
- It is also the Audit Authority for European Structural Funds in Scotland.
- Provides Accountable Officers with assurance that risk management, control and governance arrangements are adequate and effective, and make recommendations where they are not.

b. Directorate is made up of:

- Internal Audit
- Digital Assurance Office
- Portfolio, Programme And Project Assurance
- Head of Counter Fraud Profession
- Scottish Government Data Protection Officer

c. Currently provide Internal Audit Services to 25 other public bodies.

- Executive Agencies
- Non Ministerial Departments
- Limited Non Departmental Public Bodies

8. Nick enquired whether it is the established government position or up to the public bodies themselves to select the service; Iain advised that it is the public bodies that approach SG Internal Audit and the service is provided as part of the wider portfolio of shared services; ultimately it is the body's decision if they want to use SG Internal Audit services.

9. Angela asked about the reporting structure and accountability for audit team and Iain assured the committee that Internal Audit do not share any information with other organisations and stated that Internal Audit is accountable to –

- The Accountable Officer
- The Audit and Risk Committee

and supports improvement in systems, processes and controls through the provision of:

- Audit Reports
- Update papers noting progress on the Annual Audit Plan
- Annual Assurance Report

10. James enquired what level of audit would be carried out and Iain responded it would be risk based and any deep dive audit would be based on size of the body,

and any specific risk factors. The Accountable Officer may recommend what areas are to be audited.

11. James further asked about any recommendations Consumer Scotland may get based on the previous 25 bodies that had been audited by SG Internal Audit and Iain said this is definitely part of the service which is based on the previous experiences that are relevant to the body. Iain also suggested as part of the audit recommendation Consumer Scotland can draw on the journeys of Internal Audit with bodies that have recently vested and are of a similar size to Consumer Scotland.
12. Iain then further advised the Committee that Internal Audit will provide Accountable Officers with assurance that risk management, control and governance arrangements are adequate and effective, and make recommendations where they are not.
13. Angela further enquired about the concept of risk, risk aversion and risk appetite, and what help is available, to which Iain replied that this would be based on their experience as well as wider risk guidance from SG core.
14. Iain then advised that the Annual Internal Audit plan is developed using a variety of sources such as –
 - Risk register
 - Outcome of previous audits
 - 3rd party assurances
 - Engagement with senior managers
 - Proposed work of external audit
 - Knowledge of the sector
 - Business plan and Objectives
 - Engagement with Board Members

Further points presented by Iain were that Internal Audit are –

- Required to ensure compliance with the mandatory Public Sector Internal Audit Standards (PSIAS).
 - Subject to independent evaluation through an annual review by Audit Scotland.
 - Required to perform annual Internal Quality Assessments to assess compliance with PSIAS.
 - Subject to an independent External Quality Assessment at least every five years.
 - To ensure co-ordination of planning between Internal and External Audit.
15. Iain completed his summation and the Committee and the Chair thanked Iain for his presentation.
 16. The chair enquired about the next step or plan for first year and Iain indicated that the next step would be a discussion with the Accountable Officer (once appointed) and then the set-up of the annual plan. He also indicated that discussions would be based on what is suitable for Consumer Scotland and based on that, an MOU would be signed which would be formal document setting out their services and what is expected from both Internal Audit and Consumer Scotland.

17. David commented that when we discussed audit and risk, we should put more focus on risk, specifically reputation and wider risk, and should prioritise as much as traditional financial audit.

Agenda Item 4 - Forward Planning

18. The Chair then discussed the forward planning and suggested that the Committee should meet around June and then again in September/October time. The scope of meetings would be curtailed until CS have a full team in place.

Agenda Item 5 - AOB (Chair)

19. The Chair asked for any other comments from the Committee members and there were none.

20. The Chair then brought the meeting to a close by thanking everyone for their participation and expressed his thanks for all the progress that has been made.

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