

**Consumer Scotland
Audit and Risk Committee Meeting
13 June 2023**

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
Ian Forbes – Finance and Accountancy Adviser
Iain Burns – Senior Internal Audit Manager, Scottish Government
Glen Bissett – Internal Audit Manager, Scottish Government
Kirsty Hair – Assistant Manager, Deloitte LLP
Hilary Tennant – Governance and Corporate Services Manager
Iftthakhar Eresh – Finance, Governance and Corporate Services Officer (minutes)

Apologies:

Fadhil Muhammad – Audit Associate Partner, Deloitte LLP

Agenda Item 1 – Welcome and Declarations of Interest.

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

Agenda Item 2.1 – Minutes of Previous Meeting

3. The minutes of the previous meeting on 14 March 2023 were approved by the Committee.

Agenda Item 2.2 – Action Tracker

4. The Action Tracker was presented to the Committee, and the updates noted as complete or in progress and none were outstanding.
5. The Chair requested that the Audit Scotland Audit fee query remain on the Action Tracker as this may require further follow up in the future.

Action – Keep External Audit fee query with Audit Scotland on Action Tracker.

Agenda Item 3 – Strategic Risk Register

6. The Director of Operations gave an update to the Committee on the Risk Register and the Committee discussed the points in summary report.
7. The Committee discussed the need to amend/review some of the target scores and to amend the wording in relation to delivery and implementation of the Strategic Plan and Work Programme in order to mitigate reputational risk.
8. They also discussed the importance of monitoring progress on key mitigation factors for risks, as well as including diversity under the people or strategic risks.
9. Committee members asked how Consumer Scotland engages with Parliamentarians outside of Committee appearances. The Chief Executive advised that this will be through proactively seeking comments from individual interested parliamentarians. Additionally, the Executive Team are actively thinking about ways to ensure that all materials go into SPICe (Scottish Parliament Information Centre) so then that can feed into briefings on different topics.
10. The Committee discussed the need to clarify Consumer Scotland’s strategic role and address potential misunderstandings with a wider range of stakeholders.
11. The Chair asked about staff engagement and KPIs. The Director of Operations outlined the current approach to engagement through regular focus groups being run by our outsourced HR provider. It was agreed that people KPIs will be included as part of the quarterly people report at the Board.

Agenda Item 4 – Financial Report 2023/24

12. The Finance, Governance and Corporate Services Manager provided a brief update on Financial Report 2023/24.

13. The financial report received positive feedback on its clarity.
14. The committee discussed on the format, design, and content of the report, and minor drafting suggestions and comments made.
15. Work continues on the preparation or the implementation of the Oracle Fusion finance system (which will replace the current SEAS system in 2024). The Operations Team will provide further detail on the new finance system and its reporting capabilities at future meetings.

Agenda Item 5 – ToR and Policies For Approval (ARC Terms of Reference, Whistleblowing Policy, Business Continuity Policy)

16. The Director of Operations presented three policies for approval, including a revised Audit and Risk Committee Terms of Reference which will be reviewed offline before being recommended for Board approval. The Senior Internal Audit Manager agreed to provide input post meeting.

The Committee asked how the ARC reviewed its effectiveness and provided assurance to the Board. The Chair confirmed that this would be done in line with the guidance in the Audit and Assurance handbook; an oral update would be given at the Board meeting which would be minuted and form part of the Annual Assurance statement for the Annual Report and Accounts.

17. The updated Whistleblowing Policy was discussed. The Committee suggested some minor changes to clarify language around the process of raising concerns, while maintaining ease of use for employees. The Committee asked that an additional board member be added in case of a whistleblowing situation where the individual felt unable to approach the Director of Operations or Chief Executive. The Committee approved the policy subject to these changes.
18. The Business Continuity Plan was presented to the Committee. This Plan had been created to allow Consumer Scotland to identify and prioritise critical functions that require alternative plans in the event of business interruption e.g. network failure.

The committee discussed the limitations of Scottish Government IT systems, including restrictions on printing official documents at home. It was agreed that there was a potential gap between Scottish Government IT services and contingency plans in the case of an extended inability to access IT network, however was not be practical for smaller organisations to have viable alternatives available, and we may need to accept the risk

19. The Committee approved the Business Continuity Plan subject to minor edits on testing and provision of hard copies of key documents.

Action – Discuss the terms of reference and circulate a final version for approval after offline review

Agenda Item 6 – Draft Annual Report and Accounts - subject to audit

20. The Director of Operations and the Finance and Accountancy Advisor presented the Draft Annual Report and Accounts, which had been separated into two parts for ease of review.

21. The Committee noted the hard work of the team to get to this point. It was agreed that the report was comprehensive with the right tone, and provided assurance on compliance with reporting requirements. The Committee discussed the proposed audience and the opportunity to strengthen the Impact and Purpose section as well as checking the language around the appointment of a fifth board member and the nature of the levy funding income.

22. The Finance and Accountancy Advisor presented the financial report, showing where funding comes from and how it is spent. Points to note were:

- The financial statements show £2.9 million in expenditure split by staff and non-staff costs, as well as some accruals at year-end.
- There was a small amount of fixed assets showing in balance sheet.

23. The Operations team will continue to refine the document, incorporating the points raised by members, ahead of submission to Deloitte in early August.

24. Deloitte will review submitted documents and provide feedback on compliance and audit work, with a draft version of their report due by 14th September and final version due by 25th September.

Agenda Item 7 – Internal Audit (Quarterly Report/Look Ahead, Annual Assurance Opinion, Annual Assurance Report SG Systems)

25. The Internal Audit Manager provided an update on the progress report. Key points to note were:

- two assurance pieces of work are planned –
 - financial monitoring and control
 - governance and risk management

- terms of reference will be agreed with the Executive Team before field work begins and can be shared with the ARC members if required.

26. The Senior Internal Audit Manager presented the Annual Assurance Opinion and Annual Assurance Report SG Systems. The key highlights were:

- Under public sector internal audit standards, internal audit are required to provide an annual opinion on the risk management, the control and governance of the organisation. This report provided an overall “Reasonable Assurance” opinion which means that Internal Audit see that controls are adequate but require some improvement. Internal Audit’s view is that this a very positive assurance opinion for a new organisation. It was arrived at through a mixture of the direct work undertaken alongside an awareness of the wider context and environment.
- There is a continuing, very open and supportive relationship between internal Audit and Consumer Scotland.

Agenda Item 8 - AOB (Chair)

27. The Director of Operation updated the Committee on a potential issue around the tax treatment of Board members expenses. This is being investigated and an update will be provided once we have received a definitive legal opinion from MacRoberts. In the interim, a small provision has been made in our annual accounts to provide for any mitigating action.

28. There being no further business, the meeting closed.

29. The date of the next meeting is Tuesday 3rd October at 10:00am online via Teams.