

## Meeting Minutes

**Meeting:** Audit Risk and Assurance Committee

**Date:** 17<sup>th</sup> January 2024 0930-1230

**Minuted by:** Diane Piper(DP), Governance Secretary, Redress Scotland

### Committee Members

- Bill Matthews(WM) Audit, Risk and Assurance Committee Chair, Redress Scotland Deputy Chair
- Colin Spivey(CS) Audit, Risk and Assurance Committee Member, Non – Executive Member of Redress Scotland
- Catherine Dyer(CD) Audit, Risk and Assurance Committee Member, Non- Executive Member of Redress Scotland
- Neil Mackay(NM) Audit, Risk and Assurance Committee Member, Non- Executive Member of Redress Scotland
- Jane Gordon (JG) Redress Scotland Audit, Risk and Assurance Committee member, Panel Member

### Participants

- Joanna McCreadie(JM) Redress Scotland Chief Executive
- Mel Lowe(MN) Redress Scotland Head of Policy and Improvement
- Michael Reid(MR) Finance Manager

### By Invitation

- Kirsty Darwent (KD) Chair, Redress Scotland
- Martin Ritchie(MR) Director of Audit, TIAA
- Gillian McCreadie Senior Audit Manager, Audit Scotland

### Apologies

- Michael Stevens(MS) Redress Scotland Head of Finance and Resources,

## Agenda item 1. Welcome, apologies and conflicts of interest

### 1.1 Welcome

WM opened the meeting and welcomed all present. There was a warm welcome to Jane Gordon who replaces Lynne Harvey on the on the committee.

### 1.2 Apologies

One apology was received from MS, Head of Finance and Resources. MR, Finance Manager, will report on the finance items on the agenda.

### **1.3 Declarations of Interest:**

No declarations were made.

### **1.4 Appoint survivor voice;**

CS was appointed meeting reviewer from the perspective of the survivor.

### **Agenda Item 2 Minutes of the previous meeting 29<sup>th</sup> November 2023**

The minute from the 29<sup>th</sup> November 2024 meeting was approved.

### **Agenda Item 3 Matters arising from the previous meeting**

There were two matters arising from the previous meeting. Both were updated by WM.

- Cyber Security

WM, NM and JM met yesterday with 360 Defence. NM updated members advising that at the meeting there was a thorough review of the 360D credentials and the work they currently undertake for Scottish Government. The methodology adopted by 360D was also discussed and provided comfort knowing they had also worked with the Redress Scotland senior management team.

NM noted that cyber security was a significant item on our risk register but that (like counter fraud) it was a responsibility that we shared with Scottish Government. He questioned whether a risk appetite of “cautious” was appropriate for this issue, and that there would be value in a further conversation with the Executive team on the matter.

JM confirmed that we don't have the skills and knowledge and the capacity within the team and suggested we bring in someone for a short period of time to explore how to raise awareness and train our people to have awareness of security breaches.

ML added that as part of the Records Management work we received assurance from internal audit that our systems and processes are sound.

WM suggested that we link into Audit Scotland for levels of assurance and proposed that he, NM and JM take this work forward.

**Action: WM, NM and JM take this work forward.**

- Notes from the Audit Risk and Assurance Committee self-evaluation exercise 29.11.23

WM reminded members that part of meeting on the 29<sup>th</sup> November 2023 included time to undertake a self- evaluation exercise and to reflect on the workings of the committee. WM proposed that the actions highlighted in the notes are added to the workplan and rolling action log. All members agreed.

**Action; DP to add actions from the evaluation to the rolling action plan log.**

**Agenda item 4 Governance**

**Update from Oversight Board Meeting 30<sup>th</sup> November 2023**

WM noted that the accounts were agreed and signed at this meeting.

**Agenda Item 5 Report from the Chair**

WM provided an update of events since the last meeting of Audit Risk and Assurance Committee.

Following approval by the Oversight Board our accounts have been published. WM thanked everyone and the confirmed that feedback following publication has been good with no negative feedback. JM has received a response from the Deputy First Minister who has noted the recommendations and the next step will be to put some timings around these. Survivor feedback has all been positive and those survivors involved in the process appreciated being involved and we valued their input.

As mentioned previously WM has met with 360 D and also with Audit Scotland. The latter noted their positive relationship with our Finance Team. At the meeting the structure of the corporate body and fraud were also discussed. Regular conversations will be established.

The chairs of both governance meetings, Oversight Board and Audit Risk and Assurance Committee meet regularly.

Finally the new cohort of panel members are about to commence their induction training part of which will include a section on our governance structure.

## Agenda Item 6 CEO Report

JM notes are appended to this minute.

JM provided a brief update on what has been happening at Redress Scotland since the last meeting with a focus on the current risks facing the organisation.

The allocation of Grant in Aid approved was £5m. This is less than requested and excludes provision for a new CRM and £400k to tackle the application backlog.

The backlog of applications continues to increase with significant impact on both survivors and the team. Delays in recruitment have prolonged the onboarding of new panel members and it is expected that the impact of the increase in capacity through the new panel members will not be seen until March 2024. The organisation has seen its highest level of sickness absence in December 2023 with 13 members of staff absent at various points. This impacts significantly on a small team and will be monitored.

In light of the level of grant in aid awarded the finance team and JM are reviewing the budget to the £5m level. Opportunities to reduce expenditure are being considered. Two induction programmes for panel members have been arranged as this is the fastest way to get panel members operational by early March.

Redress Scotland continues to improve its communications with survivors as to why there are delays in processing applications to help them understand the current situation and the steps taken to address the problem.

There is an expectation that in the next financial year the pace will once again speed up however it should be noted that Scottish Government have 1470 applications sitting in their inventory. In the current period Redress Scotland has been receiving a higher than forecast number of applications. The number of priority applications is falling but our turnaround for these is in the region of 4.5 to 5.5 months which is out with our KPI.

Our new Chair, KD, is meeting regularly with the Deputy First Minister.

The management team will soon be commencing work on the business plans for 2024/25.

WM noted that although the budget award was not what we asked for it could have been worse given the current financial restrictions on government spending. There will be further discussion on this at the Oversight Board later in the month. On a positive note the completion of over 1000 decisions for the year is excellent.

NM thanked JM and her team for all their work and asked if there was any possibility of processing applications differently by revisiting the assessment criteria. JM advised that advice has been sought and that this is not an option open to us under the legislation. As the decision making arm of the redress scheme we have to follow the statutory

guidance and approved assessment framework. Any change would also require a review of previous decisions.

WM added that what we can influence are the processes around our scheduling as this is one area which could be subject to change. WM also noted that we can make decisions in 30 days if we have the capacity.

There was further discussion around the investment in a case management system which could improve efficiencies and perhaps there was an off – the shelf system we could use. It would however not be hosted by Scottish Government. NM highlighted the need for impact assessments of data and cyber security if a move to non SG IT infrastructure was considered.

CD asked further about the KPIs we are working to and if these are fixed or if they can be amended to better reflect the budget allocation. JM confirmed these were set before there was any knowledge of the numbers of applications we would receive.

CS added that the landscape in which we are working has changed. We are no longer a 5 year project and are operating in an ever tightening budget picture. 2024/25 will be a challenging financial year and there is the potential for 2025/26 to be worse, so it may be useful to consult with survivors over the operation of the model in straightened financial times.

WM felt that it was up to Scottish Government to initiate any change to the scheme but it is incumbent on Redress Scotland to relay our experience and those of survivors.

The Dashboard report was also circulated. There is still an outstanding action to revise the way the data is presented. This will sit with the Oversight Board to agree who should take this forward.

**Action – JM's presentation to be circulated with the minute from this meeting**

## **Agenda item 7 Audit Updates**

### **7.1 Internal Auditors Martin Ritche, TIAA**

MR confirmed that the Equality and Diversity report provided reasonable reassurance and made several recommendations. MR added that this was not to be seen as a criticism but a reflection of the time it takes to embed new practices. Equality and diversity will be looked at again next year. The work undertaken so far is very good.

Future audits will include a governance review later in the year.

WM proposed to accept the report as presented and this was agreed by those present.

MR continued that the scope of work on anti-fraud is now complete and provides substantial assurance. There were a couple of recommendations made and the full report will come to the next Audit Risk and Assurance Committee meeting.

The final paper presented by TIAA is a summary of the 2023/24 audit plan with an appendix outlining the proposed plan for next year. MR was open to comments and suggestions and will liaise with JM and management team to agree priorities.

WM thanked MR and TIAA for their work to date and appreciated the incorporation of a 3 year plan.

It was agreed that between now and next meeting there is a mapping exercise undertaken between the internal audit plan and risk register to establish if any of these should be included in the audit plan.

**Action; WM, JM and MS to map risk register against audit plan and identify any gaps.**

## **7.2 External Auditors, Gillian McCreadie, Audit Scotland**

GM confirmed our annual report and accounts were signed in December 2023. Work has commenced on the plan for the 2023/24 audit. As a lot of the work was done during the first audit it is expected that the work in 2024 can be undertaken a month earlier in September. Another factor in this move is that there will be an interim audit focussing on reviewing control systems.

Discussion moved to the Audit Recommendations paper which has been updated and now incorporates timescales. There was a suggestion to rename the paper to better reflect the content and suggestions as to how to record when dates have slipped and work has fallen behind schedule. A grading of recommendations was also agreed as a useful addition.

**Action; MS to rename and reformat paper 7.3, Audit Improvement Plan and present for review at the April meeting of Audit Risk and Assurance Committee.**

## **Agenda Item 8 Policy Scrutiny**

### **8.1 Schedule of Delegated Authority**

JM advised that the Schedule of delegated authorities has been through a number of iterations;

1. December 2021 Schemes of delegation approved by Project Board
2. April 2022 Amalgamated scheme of delegation approved by Oversight Board.

3. April 2023 Report on current scheme of delegation presented to Oversight Board.

Work has started on a current review but has still to be completed. The report outlines the proposed structure to be adopted but the content is still to be drafted. JM added that, given its importance, it was likely that the schedule will require two meeting cycles to be completed.

The current revision includes guidance from KD. The paper is presented to Audit Risk and Assurance Committee for comment and will go forward to the Oversight Board later in the month. JM is looking for views at this stage on both the structure and the identification of any gaps.

NM raised several points;

- Clarification on the role of the corporate body in the decision making process
- Escalation of reputational risk to governing body. Currently a lot sits with the CEO
- Policies all owned by CEO accountable officer identify those matters reserved for the Governing Bodies
- Role of Audit Risk and Assurance Committee requires delineating
- Control environment in relation to the role of the CEO and oversight by Audit Risk and Assurance Committee
- Contract structures.

JM thanked NM for his observations and agreed further discussion was required. All policies are owned by the Oversight Board on behalf of the corporate body. We have a number of policies covering both operational and strategic activities and a small number are reserved for the board approval, finance etc.

**Action; Schedule of Delegation will be presented to Oversight Board on the 31<sup>st</sup> January and then back to Audit Risk and Assurance Committee in April.**

## **8.2 Conflict of Interest Policy**

The Conflict of Interest Policy and the associated register of interests has been redrafted by the policy team with assistance from NM. The redraft was also one of the recommendation from Audit Scotland. Once agreed by Oversight Board all members will be asked to complete the new format and the information provided will be published on the website.

ML added that the revised policy aligns with Standards Commission for Scotland Code of Conduct.

NM noted that it would be helpful to annex under no 6, Shares and Securities, the published guidance from Scottish Government.



Members were content with the policy and the suggested amendments which will be presented to the Oversight Board formal approval.

### **8.3 Fraud Policy**

The Fraud Policy is presented here for scrutiny and comment. MR highlight the key changes which have been incorporated. Members recommended that a separation of responsibility in relation to fraud between Redress Scotland and Scottish Government be highlighted at the start of the policy. Timing around escalation should also be highlighted together with the preventative and detective controls which are in place.

**Action; Fraud policy to be amended by the finance team as highlighted and then present to the Oversight Board for approval.**

## **Agenda Item 9 Papers for Information**

### **9.1 Management Accounts Period 8**

MR advised that the period 8 management accounts were correct as presented and a lot has happened in the intervening period.

Period 9 accounts have now been presented to the senior management team and these reflect a further £40k below budget. A report to government has been issued offering to relinquish a further £600k against the budget for this year. The underspend is due primarily to the change in the case management system specification and delays to the induction training of panel members. We will now report on a budget for this year of £3.9m.

WM requested that JM keep a close eye on spend as we may want to invest in some work around cyber security.

### **9.2 2024/25 Budget**

MR advised that the 2024/25 budget is being revised based on the level of Grant in Aid award. The new budget will be presented to the Oversight Board in January.

## **Agenda Item 10 Audit Risk and Assurance Committee Work plan**

WM advised that KD has initiated a mini review of governance processes including the development of forward plans for both the Oversight Board and Audit Risk and Assurance Committee. This first working draft includes a revised front sheet for all papers and forward plans for all agreed meetings. The Audit Risk and Assurance Committee plan includes a column taken from the Finance Manual with suggested agendas for the 4 annual Audit Risk and Assurance Committee meetings. Also included are



templates to support additional workshops and meetings which may be held out with the agreed meeting cycle.

Members were in agreement with plan as presented. NM suggested adding a section on the front sheet to cover control environment.

CD also proposed that members have a couple of closed sessions during the year before meeting.

WM thanked everyone for their feedback. Templates will be revised and populated before the April meeting.

**Action; WM and DP to amend and populate the forward plan and associated forms.**

### **Agenda item 11– Any Other Concluding Business**

Dates of next meetings were noted;

25<sup>th</sup> March 2024 there will be a strategy meeting in the morning to which all governance members are invited. This will be held in person in Edinburgh with a link for those who cannot be there in person.

10<sup>th</sup> April 2024 there will be a Risk Workshop in the morning followed by the Audit Risk and Assurance Committee meeting after lunch. Both these meetings will be online.

### **Agenda item 12 Review of Meeting and Survivor Voice**

WM invited CS to provide feedback from the survivor perspective.

CS reflected on the way the organisation approaches this aspect of the meeting and felt it was a very effective reminder of why we are here. The first half of the meeting allowed for more survivor perspective than the second half but this was due primarily to the nature of the papers.

It was noted that the budget allocation for 2024/25 does not include any provision to tackle the backlog of applications however work is already underway to see where savings can be made and the team are looking creatively at ways to approach the backlog.

There was also a lengthy discussion around assessment criteria with the acknowledgement that any change was out with our remit but we can keep informing Scottish Government of the impact extended waiting times has on survivors.

WM thanked everyone for their contribution noting that we covered lots of material and challenged appropriately.

There being no further business the meeting ended at 1155.