

**NRS Audit and Risk Committee (ARC) Meeting**  
**Thursday 28 September 2023**  
**MICROSOFT TEAMS 10:00 – 12:00**  
**(Private discussion 12:00-12:15)**

**ARC Members**

Maggie Waterston (Chair)	NRS Non-Executive Director
Christine Martin	NRS Non-Executive Director
Anne Moises	NRS Non-Executive Director

**ARC Attendees**

Kate Moffat	Internal Auditor – Scottish Government
Angela Pieri	Engagement Director for NRS – Grant Thornton
Hannah McKellar	Engagement Manager – Grant Thornton
Janet Egdell	NRS, Interim CEO
Linda Sinclair	NRS, Director of Corporate Services & Accountable officer
Claire Gillespie	NRS, Chief Financial Officer
Jon Wroth-Smith	NRS, Director of Census Statistics
Shirley Cameron	NRS, Head of Business Management
Gemma Barker	NRS, Corporate Governance Manager
Scott Hitchings	NRS, Business Management (Secretariat)

**Apologies**

Amy Beveridge	Internal Audit Manager, Scottish Government
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**1. Welcome, Introductions and Apologies. Declaration of Interests & Matters Arising**

1.1 Maggie Waterston welcomed everyone to the meeting. Apologies were noted as listed above.

1.2 There were no declarations of interests or matters arising.

**2. Meeting held on 28 February 2023**

2.1 The minutes from the last meeting on 27 June 2023 were approved and would be published on the NRS website.

2.2 The Action Log was reviewed, with the following two open actions to be closed:

**A02/23: BMU to contact the Non-Executive Directors who were not in attendance at the 27 June 2023 meeting and confirm they were content with the Informing the Risk Paper.**

**A03/23: Draft NRS Annual Report and Accounts 2022/2023 - BMU to circulate draft Committee Annual Report to all attendees before the September ARC meeting.**

### **3. Scotland's Census 2022 Programme Update/Future of Census Update**

3.1 Jon Wroth-Smith introduced his paper to the meeting and covered the following key points:

- The first high level outputs (release 1A) from the 2022 Census were published on the 14 September 2023 and had received positive press coverage.
- The Office for Statistics Regulation (OSR) confirmed that Scotland's Census 2022 complied with the Code of Practice for Statistics and had National Statistics status.
- International Steering Group (ISG) chair Professor James Brown stated that the methods NRS used were trusted and sound.
- During June 2023, NRS undertook a series of follow up stakeholder engagement sessions to explain the work carried out since data collection to release first outputs.
- NRS provided LA's pre-release access to Census 2022 stats to ensure there was coherence with local data and made changes as a result of the evidence LA's provided
- A further Technology Assurance Framework (TAF) review had been conducted in July 2023 with a delivery confidence assessment of Amber/Green for the first release
- The TAF recognised good progress against previous recommendations
- An action plan had been completed and shared with the Digital Assurance Office (DAO)
- Current programme activity was reviewing and testing future plans to identify new risks, confirm resource requirements and outputs strategy for future releases

3.2 The Committee thanked all those involved for their efforts in getting the first outputs released on time, for providing programme reassurance and recognised all the hard work carried out, including successful stakeholder engagement.

3.3 Christine Martin asked if there had been any feedback from Digital Assurance Office (DAO) on the action plan.

3.4 Janet Egdell advised that DAO were content with the action plan and were complimentary that NRS had been proactive in reviewing its governance structure for the programme which had been streamlined as the programme was moving to a new phase.

3.5 Janet Egdell advised NRS would continue with an integrated approach to assurance and were currently holding workshops in preparation for the next TAF review and Gate 5 external assurance review.

### **4. Corporate Risk Dashboard**

4.1 Linda Sinclair introduced her paper and covered the following key points:

- Linda provided reassurance that activity was currently taking place to address risks and improve scores, where possible, noting that mitigation for a number of risks was complicated and interdependent, long term and costly with funding risks
- NRS would build a case to secure additional investment and funding for a longer-term action plan
- Highlights to project planning activity were storage solutions, archive and environment aspects linked into the NRS Estate

- Funding and people risk categories activity were ongoing and was being reported to the Executive Management Board (EMB)
- EMB had oversight of financial planning, strategy and portfolio and workforce planning to ensure planning ahead and maintaining the health of the organisation

4.2 Janet Egdell advised a collaborative approach to Public Service Reform was being taken with Scottish Government (SG), and a submission had been provided setting out work around collective storage requirements, future population statistics and fees/income.

4.3 The Committee noted that it was encouraging that all this activity was taking place and asked if a timeline for resolving these risks could be shared at the next meeting.

4.4 Anne Moises requested further detail on the level of risk around cyber-attacks. Linda Sinclair advised it was recognised that cyber-crime was always going to be a high risk and NRS was continuing to track and manage this.

**Action A04/23: The Committee requested a timeline for the workstreams that were being taken forward to mitigate the risks identified. Action Owner: Linda Sinclair**

## **5. External Audit: Annual Audit Report**

5.1 Angela Pieri and Hannah McKellar introduced the paper which was noted by the Committee.

5.2 Christine Martin asked for further detail on the audit adjustments in terms of related parties noted on page 44 of the Audit Report. Hannah McKellar confirmed there were no specific transactions considered to be sensitive and advised the adjustment was in relation to the Audit Scotland good practice note in terms of related parties for all Public Bodies to include both income and expenditure, receivable payable balances within the related parties.

5.3 The committee noted the report and actions being taken and noted the 31 August deadline for next year's reporting.

## **6. Finance**

### **6.1 NRS Annual Report and Accounts (AR&A) Covering Report**

6.1.1 Claire Gillespie presented the NRS AR&A Covering Report which outlined the process and timelines completed as part of the audit, completed by Grant Thornton, of the NRS Annual Report and Accounts. No matters arising were raised as significant and Grant Thornton had advised of an unmodified audit opinion and were content that the financial statements gave a true and fair view of NRS as of 31 March 2023.

6.1.2 Claire Gillespie advised the AR&A from 2022-2023 would be laid in Parliament before the end of the year.

## **6.2 NRS Annual Report and Accounts (AR&A) for 2022-2023.**

6.2.1 Claire Gillespie introduced the NRS AR&A for 2022-2023.

6.2.2 As Accountable Officer, Linda Sinclair noted she was content that the accountability and governance reports were an accurate reflection of NRS.

6.2.3 The Committee were content to recommend that the Accountable Officer approve and sign the NRS AR&A for 2022-2023.

6.2.4 The NRS Accountable Officer and Audit Scotland would sign the AR&A which would be submitted to the Auditor General.

6.2.5 The Committee thanked NRS Finance for early sight of the draft AR&A and recommended this approach be adopted going forward.

6.2.6 The Committee thanked Grant Thornton and the NRS Finance team for all their hard work.

6.2.7 Christine Martin asked how the recommendations from Grant Thornton would be progressed. Claire Gillespie advised work was already underway to address the recommendations set out in the report. The recommendations would be added to the ARC Audit Recommendation Report and progress would be reported to the Committee throughout the year.

## **6.3 NRS Letter of Representation**

6.3.1 Claire Gillespie introduced the NRS Letter of Representation.

6.3.2 The Committee noted the letter's content.

6.3.3 Claire Gillespie noted her thanks to Maggie Waterston and Linda Sinclair for all their support.

## **6.4 NRS Financial Report: Financial Performance and Achievement of Financial Targets**

6.4.1 Claire Gillespie introduced the NRS Financial Report and covered the following key points:

- As of the end of August 2023 the core NRS budget for year ahead was 1.2 million forecast overspend
- NRS budget was impacted by the SG two year pay deal as 90% of NRS costs are fixed staffing costs
- NRS had paused all non-critical work and were currently working through options to reduce budget pressures
- Mid-Year review outputs would be presented to Executive Management Board in October 2023

- There would be another opportunity to request additional funding as part of the Spring Budget Revision exercise which concludes mid-December
- NRS had been aware of the financial pressures and risks due to the initial allocations received from the resource spending review

6.5 Maggie Waterson thanked Claire for the report and asked to be updated on the outcome of the Mid-Year Review.

**Action A05/23: Claire to update the committee on the outcome of the Mid-Year Review.**  
**Action Owner: Claire Gillespie**

## **7. Internal Audit – Interim Progress Report on Active/Follow-up Audits**

7.1 Kate Moffat introduced the Audit and Risk Committee Progress Report for 2022-2023 and covered the following key points:

- The 2022-23 Annual Plan had now been completed with the finalisation of the Culture Review
- Good progress was being made against the 2023-24 Annual Plan
- The Data Governance and Management Review was at draft reporting stage

7.2 The progress report was noted by the Committee.

7.3 Kate Moffat provided a presentation on the recent NRS Culture Review and highlighted the following three key theme areas for improvement:

- Communication, Collaboration and Inclusivity
- Learning and Development
- Policies, Practices and Procedures

7.4 The Committee noted the report.

7.5 Kate Moffat and Amy Beveridge were thanked for their hard work in producing their reports.

7.6 Anne Moises asked for further information on the shared service corporate transformation programme and how the integration of Scottish Government eHR and Finance systems that were planned for April 2024 could impact NRS. Linda Sinclair advised of the following key points:

- The project was recorded on the NRS risk register and currently rated as amber from a HR and finance perspective
- A resourcing freeze during the launch period was being considered as a potential risk. NRS were currently working through the full details of the programme with Scottish Government and would update the Committee at a future meeting

7.7 Anne Moises asked what action NRS was considering in relation to the Culture Review recommendations. Linda Sinclair advised of the following key points:

- NRS were taking forward the strategic issues identified in the review and work was already being carried out to bring NRS staff together, including updating the NRS Strategy
- This included work to improve communications and engagement mechanisms, team-based engagement and focused group activities
- This was part of the ways of working programme of change that was still being embedded post covid
- At the time of the survey a number of things had impacted on staff morale, including the delivery of Census 2022, working through Covid-19 and the recent closure of Ladywell House
- The up-and-coming People Survey results would also help to inform the Culture Review follow up and to identify any specific areas for improvement
- A follow up Culture Review would take place in future

7.8 Maggie Waterston asked if visibility of leadership had played a part in the themes identified in the Culture Review. Linda advised that 50-60% of staff were currently working on site and that opportunities were being created for staff and management to meet face to face including planned Directorate days. The Ways of Working Programme were developing a corporate desk booking system to aid team working and collaboration.

## **8. Audit and Risk Committee Governance**

### **8.1 ARC Annual Report 2022-2023 to the NRS Chief Executive, Accountable Officer and Strategic Board**

8.1.2 The report was noted by the Committee with no follow up questions. The report would be published on the NRS website following the laying of the NRS Annual Report and Accounts 2022-2023 in the Scottish Parliament.

8.1.3 Maggie Waterston noted her thanks to all Committee members for their hard work and dedication throughout the year.

8.1.4 Shirley Cameron advised some technical updates would be made to reports before finalisation.

**Action A06/23: BMU to finalise Annual Reports and circulate final versions. Action Owner: BMU**

### **8.2 Committee Self-Assessment Checklist**

8.2.1 The Committee noted the Self-Assessment Checklist.

### **8.3 ARC Terms of Reference**

8.3.1 The Committee noted the updated version of the Terms of Reference, including the updated Non-Executive Director membership.

## **9. Committee Reports - To Note and Questions**

## NRS Governance Report

9.1 The Committee noted the report.

9.1.1 Anne Moises asked if the Committee could be updated on the outcome of the National Cyber Exercise.

**Action A07/23: BMU to update the Committee on the outcome of the National Cyber Exercise. Action Owner: BMU.**

## NRS Portfolio report

9.2 The Committee noted the report.

9.2.1 Anne Moises asked if NRS were working on identifying portfolio dependencies. Linda Sinclair advised workshops were taking place in future to review any workstream dependencies.

## NRS Assurance update

9.3 The Committee noted the report.

## NRS Audit Recommendations Status Report

9.4 The Committee noted the report.

## **10. To Note: ARC Forward Look for year ahead**

10.1 The Forward Look was noted by all Committee members.

10.2 Anne Moises asked for NXD's to have a meeting to discuss deep dives.

10.3 Janet Egdeell suggested the NXD's could review NRS corporate risks as part of the next Strategic Board meeting.

10.4 Hannah McKellar asked to remove the reference to the External Audit interim management letter from the May/June Forward Look as Grant Thornton do not produce this letter as part of their audit process. Hannah also asked for next year's Committee meeting to be brought forward to August 2024 in order to meet the deadline for signing off the Annual Report and Accounts. Shirley Cameron advised the meeting was already pencilled in for the end of August 2024.

10.5 Maggie Waterston noted the Committee would continue to review the forward look at each meeting.

**Action A08/23: BMU to add to the Strategic Board agenda a discussion of the top NRS corporate risks. Action Owner: BMU.**

**Action A09/23: Action to remove reference to External Audit interim management letter from May/June Forward Look. Action Owner: BMU.**

**11. AOB & Date of Next Meeting**

11.1 The Committee noted that it was Christine Martin's last ARC meeting and thanked her for all her hard work. Maggie Waterston thanked everyone for the quality of the meeting papers.

11.2 The date of the next meeting was noted as 28 November 2023.

**End**