

## **NRS Audit and Risk Committee (ARC) Meeting**

**Tuesday 27 June 2023**

**MICROSOFT TEAMS 10:00 – 12:00**

**(Private discussion 12:00-12:15)**

### **ARC Members**

Bill Matthews (Chair)  
Maggie Waterston

NRS Non-Executive Director  
NRS Non-Executive Director

### **ARC Attendees**

Kate Moffat	Internal Auditor – Scottish Government
Amy Grant	Internal Audit Manager – Scottish Government
Hannah McKellar	Engagement Manager – Grant Thornton
Cathy Smith	Audit Associate – Grant Thornton
Janet Egde	NRS, Interim CEO
Linda Sinclair	NRS, Director of Corporate Services & Accountable officer
Claire Gillespie	NRS, Chief Financial Officer
Laura Mitchell	NRS, Director of Information and Records Services and Deputy Keeper (Item 4)
Shirley Cameron	NRS, Head of Business Management
Gemma Barker	NRS, Corporate Governance Manager
Graham Thomson	NRS, Business Management (Secretariat)
Scott Hitchings	NRS, Business Management (Secretariat)

### **Apologies:**

Christine Martin	NRS Non-Executive Director
Anne Moises	NRS Non-Executive Director
Angela Pieri	Engagement Director for NRS – Grant Thornton

## **1. Welcome, Introductions and Apologies. Declaration of Interests & Matters Arising**

1.1 Bill Matthews welcomed everyone to the meeting, his last as Chair, and confirmed that Maggie Waterston would chair ARC from the next meeting on 28 September 2023. Hannah McKellar, Cathy Smith, Gemma Barker and Scott Hitchings were welcomed to the meeting for the first time. 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 28 February 2023 were approved and would be published on the NRS website.

2.2 The Action Log was reviewed, with the one open action to be closed and added to the Forward Look.

## **3. Corporate Risk Dashboard**

3.1 Linda Sinclair introduced her paper to the meeting and covered the following key points:

- Risk dashboard would be presented to the Executive Management Board (EMB)
- The 13 Risks scoring 16 and above were reported.
- Of the risks reported the following were highlighted

- Funding position – path to balance for 2023/2024
- Cyber attack
- Archive Environment and Storage
- Future of census

3.2 Members discussed the importance of Directors regularly reviewing corporate risk, at the relevant NRS governance boards, and identifying paths to reduce the risks identified whilst recognising the NRS financial position and challenges.

3.3 Janet Egdell added that more discussion around risk at EMB meetings would help to calibrate risk going forward.

#### **4. Deep dive - Estates Follow Up**

4.1 Linda Sinclair and Laura Mitchell introduced the paper which was noted by the Committee.

4.2 Bill Matthews noted the archival storage issue was wider than NRS, as it impacts across the Scottish public sector. Maggie Waterston suggested adding timescales to the archival storage options identified in the paper and strengthening the language about the criticality of the issue.

4.3 Laura Mitchell confirmed digital storage was also a challenge and noted as a corporate risk.

4.4 Linda Sinclair confirmed that the Estates Strategy had been completed in 2022.

4.5 Security and Health and Safety had been developed in terms of policy and approach. Fire Safety risk assessments had been completed.

4.6 The committee noted the report and actions being taken.

#### **5. NRS Finance Report**

5.1 Claire Gillespie presented her paper and discussed the following key issues:

- Financial performance in the last two years had been positive.
- The provisional outturn for NRS for the financial year 2022/2023 on net operating costs, was reported as within 0.05% of budget. Figures would be confirmed following the statutory audit of accounts.
- The 2022/2023 financial year had brought challenges for every portfolio of the Scottish Government. These challenges had been no different for NRS, however the organisation had continued to deliver business as usual services and was on track to deliver against its commitments on the Census Programme.

- An outline of the NRS budget allocation for 2023/2024 was provided.
- Scottish Government (SG) had been made aware of pressures in the 2023-2024 budget allocation. NRS would continue to engage with SG, including at the two budget review points in-year.
- A fee review was being considered by NRS which may increase future income opportunities.
- A copy of the draft Annual Report and Accounts for 2022/2023 had been shared with members in advance of the meeting.

5.2 Claire asked ARC members to note that the statutory audit was, commencing on 26 June 2023. An update on the findings of the statutory audit would be reported to ARC at the September meeting.

5.3 Claire advised next steps and actions were:

- The outputs from the Statutory Audit would be shared with ARC along with Audit Scotland's Annual Audit Report and the finalised Annual Report and Accounts
- Finance would continue to report financial performance against budget for 2023/2024 as a formal update to ARC with ad hoc updates as required.
- Quarterly budget meetings would be held at an organisational level to agree budget movement and alignment in year. The outcomes from these meetings would be shared with ARC
- Finance would continue to engage with SG colleagues on 2022/2023 outturn and 2023/2024 budget allocation and performance.
- Planning is underway for Autumn Budget Revision (ABR) and 2024/2025 Spending Review
- Updates would be provided to ARC on negotiations with SG in relation to 2023/24 budgets and the progress with the 2024/2025 Spending Review

5.4 Members noted the 2022/2023 draft outturn along with the statutory audit plans and timings and the 2023/2024 budget update.

## **6. Draft NRS Annual Report and Accounts for 2022-2023**

6.1 Claire Gillespie thanked ARC members for reviewing the draft Annual Report and Accounts.

6.2 The final draft of the Annual Report and Accounts would be shared at the next ARC meeting on 28 September 2023 for sign-off by ARC and laid in the Scottish Parliament shortly after that meeting.

6.3 Bill Matthews suggested there may be an opportunity to raise the NRS profile regarding publicity and communication of the publication of the Annual Report and Accounts. Janet Egdell confirmed other opportunities were also being considered, including the publication of the first outputs from Scotland's Census 2022, the publication the Registrar General's Annual Report, and the planned reopening of the

front door in General Register House (GRH) following the completion of work on the Adam Dome in GRH.

6.4 The Committee thanked Claire Gillespie and team for their hard work.

## **7. Internal Audit Update – Annual Assurance Report & Progress Reports on Active/Follow-up Audits**

7.1 Amy Grant introduced the Annual Assurance Report for 2022-2023 and this was noted by the committee. The overall assurance opinion for last year was Reasonable.

7.2 The Progress Report against the audit plan for 2023-2024 was taken as read and noted by the committee.

7.3 Linda Sinclair confirmed that the Culture Review of NRS was welcomed and advised there would be a focus on improvements that could be made in registration services.

7.4 Maggie Waterston asked about the funding position and how much investment would be needed to work on the recommendations. Linda Sinclair confirmed recommendations would be implemented and a balance would be found.

7.5 Jennifer Inglis-Jones had taken over from Sharon Fairweather as Internal Audit Director in the Scottish Government.

7.6 Kate Moffat and Amy Grant were thanked for their hard work in producing their reports.

## **8. External Audit - External Audit Plan & Informing the Risk Assessment**

8.1 Hannah McKellar introduced the first External Audit Plan produced by Grant Thornton.

8.2 Draft Accounts had been received on time and Hannah McKellar thanked Claire Gillespie and team for this.

8.3 Hannah McKellar provided an overview of the Informing the Risk Assessment paper and asked Committee members to review. Both Bill Matthews and Maggie Waterston confirmed that they were content.

8.4 Confirmation would be sought from the Non-Executive Directors who were not in attendance at this meeting and this would be confirmed by BMU.

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

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

### NRS Governance Report

9.1 The Committee noted the report.

### NRS Portfolio report

9.2 The Committee noted the report with the draft portfolio dashboard also noted. Revised deadlines would be updated for the next report.

### NRS Assurance update

9.3 The Committee noted the report.

### NRS Audit Recommendations Status Report

9.4 The Committee noted the report.

## **10. Draft Committee Annual Report**

10.1 The Committee noted the draft annual report. Maggie Waterston would like the report to be used as a tool for self-evaluation, Bill Matthews agreed with this.

10.2 Kate Moffat suggested that all ARC attendees should be asked about Audit Committee performance and how this could be facilitated. Bill Matthews and Maggie Waterston agreed that this would be incorporated going forward.

10.3 The Annual Report would be shared with all attendees for comment in advance of the next meeting.

**Action A03/23: BMU to circulate to Draft Committee Annual Report to all attendees before the September ARC meeting. Action Owner: BMU**

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

11.1 The Forward Look was noted by all Committee members.

11.2 Kate Moffat asked about membership of ARC in terms of NXD recruitment. Janet Egdell confirmed that Anne Moises would continue as an ARC member. Maggie Waterston would be the new ARC chair and also sit on the Strategic Board. A further round of Non-Executive Director recruitment would take place later in 2023.

## **12. AOB & Date of Next Meeting**

12.1 Bill Matthews was thanked for his contribution to ARC by all members.

12.2 Bill Matthews thanked all Committee members and the secretariat for their support during his time as Chair.

12.3 The date of the next meeting was noted as 28 September 2023.

**End**