

NRS AUDIT AND RISK COMMITTEE MEETING

2 December 2020

Conference call

ARC Members

Colin Ledlie (Chair)	NRS Non-Executive Director
Bill Matthews	NRS Non-Executive Director
Christine Martin	NRS Non-Executive Director

ARC Attendees

Graeme Samson	External Auditor – Audit Scotland
Jonny Steen	External Auditor – Audit Scotland
Lorraine Twyford	Internal Auditor - Scottish Government
Paul Lowe	NRS, Chief Executive
Linda Sinclair	NRS, Director of Corporate Services & Accountable officer
Steven Hanlon	NRS, Chief Financial Officer
Angela Sim	NRS Accountant
Laura Lucas	NRS, Director of IT Services (Item 5)
Lesley Smillie	NRS Census Director team (Item 3)
Shirley Cameron	NRS, Head of NRS Business Management, Secretariat

Apologies:

Asif Haseeb	External Auditor – Audit Scotland
Kate Moffat	Internal Auditor – Scottish Government

1. Welcome, Introductions and Declaration of Interests

1.1 The Chair welcomed everyone to the meeting, Graeme Samson was attending the meeting for the first time, replacing Jonny Steen as the auditor for NRS. The Committee thanked Jonny for his service.

1.2 Apologies were noted from Asif Haseeb and Kate Moffat. There were no new declarations of interest.

2. Minutes and Actions

2.1 The minutes of 3 September 2020 were accepted. The minutes would be published on the NRS Website Governance page.

2.2 Updates to actions were noted.

3. NRS Census 2022 – Risk Management – Lesley Smillie

3.1 Paul Lowe provided an update on recent programme assurance activity. The committee noted planned Gateway and Technical Assurance Framework reviews were underway with the review findings expected in the coming weeks.

3.2 Lesley Smillie provided Committee members with an update on the programme. The main activity continued to be on the re-planning required following the Ministerial

decision to move the census from 2021 to 2022. Additional focus had also been on continuing to deliver the test and build activities which remained critical to delivery in 2022.

3.3 The risk report provided ARC with an opportunity to review Census 2022 risks themes in more detail, it was noted these were presented as a draft. The Committee heard that a review of the programme's strategic risk themes had been carried out as part of the re-planning exercise and would conclude ahead of the Census Programme Board, which was due to meet on 15 December 2020.

3.4 Following the review the ten existing strategic risks themes continued to be valid and had been reassessed with 2022 delivery impacts. One additional risk theme, relating to *technology solutions or other changes identified during the completion of outstanding business and technology design*, had been added following the replanning activity.

3.5 The Committee noted the probability of five of the risk themes was reported as 'high' with one of the risk themes, relating to resourcing, noted as 'very high'. Mitigating actions had been identified and were being taken forward.

3.6 The Committee asked if target levels for the risks had been identified and if this could be included with the next Census 2022 programme update to ARC.

Action A07/20: Census Risk Themes - Include in the programme report an indication of the target risk level identified for each of the reported strategic risk themes. Action Owner: Lesley Smillie

4. COVID-19 Pandemic – Linda Sinclair

4.1 A paper had been provided to the Committee summarising the current position and NRS response. The Committee noted the paper.

4.2 An overview of the arrangements for service restart, which were being progressed in line with the Scottish Government [Covid-19 Scotland's Strategic Framework](#), was provided. It was noted that, during lockdown a small number of business critical services had continued to operate from NRS buildings as well as remotely.

4.3 The Committee were also invited to note a report provided by NRS in response to an Audit Scotland paper, identifying key issues for consideration by audit and risk committees during the Covid-19 pandemic.

4.4 The report provided a summary of the activity across NRS, focussing on the key areas for consideration:

- Internal Controls and Assurance;
- Financial Management and Reporting;
- Governance, and

- Risk Management.

4.5 The Committee noted the report and commented on the detailed assessment which provided assurance to ARC. The report was also welcomed by Jonny Steen, Audit Scotland, who commended the report and noted it as an example of good practice.

5. IT Services Risk Deep Dive – Laura Lucas

5.1 Laura Lucas introduced the paper which provided an overview of the process and governance improvements adopted by IT Services in relation to risk management. The mitigations in place or planned in relation to NRS corporate risks were also reported.

6. NRS Finance

NRS Finance Report 2020-2021 – Steven Hanlon

6.1 Steven Hanlon presented the report which asked members to note the financial position at the end of period six of 2020-2021.

6.2 The projected overspend had increased to £1.1m, an increase of £0.6m reported at the ARC meeting on 3 September 2020, compared to the approved budget. It was reported that this was primarily as a result of increased spend in Census budgets, however it was expected that the Census budget would be rebalanced through the replanning exercise, eliminating £0.9m of the current over commitment.

6.3 The capital budget underspend was now reported as circa £1.0m. Plans to manage were being considered with Scottish Government and would be reported for reallocation through the SG Spring Budget Revision exercise.

Follow-up from Annual Report and Accounts 2019-20 - Interim Managers report – Linda Sinclair

6.4 The report had been prepared to consider the findings of the Audit Scotland 2019-2020 annual audit report which had highlighted the extent of use of temporary staff and associated cost and value for money considerations.

6.5 The report provided an assessment of the current NRS position for resources overall, while indicating the key drivers for the continued need to use interim or specialist temporary resources. These included:

- Requirement for NRS to source temporary expertise in a number of areas for Census delivery.
- Filling roles with hard to reach specialisms and skills.
- Covid related restrictions to SG wide recruitment and resourcing .
- The need for short term roles and specialism or short term critical cover.

7. Internal Audit Progress Report for Audit and Risk Committee – Lorraine Twyford

7.1 Lorraine Twyford introduced the paper which provided ARC members with a summary of SG Internal Audit activities since the last meeting on 3 September 2020.

7.2 A revision to the Audit Plan for 2020-2021 was proposed. The review of Health & Safety (H&S) would be completed in two parts. Part one would be carried out during Q3 2020-2021. The scope of this review had been agreed and would relate to the impact and response to COVID-19 pandemic H&S processes and procedures. Part two of the review would now be carried out in Q1 2021-2022, with the scope to be fully defined as part of the planning process for the 2021-2022 audit plan.

7.3 The Committee noted the report and were content to note the amendments to the plan for 2020-2021.

8. Committee Documents– Linda Sinclair

NRS Governance Report

8.1 Linda Sinclair introduced the paper, which provided a summary of activity across the NRS internal systems of control. Following a short discussion, the Committee noted the contents of the report.

8.2 The Committee asked for a revision to the format of the quarterly risk report to reduce its overall length. It was suggested a more detailed report could be considered annually.

Action A08/20: Governance Report – Rework the risk report to provide a highlight of key information for each quarterly report, with a full view of risks provided on an annual basis. Action Owner: Linda Sinclair

NRS Portfolio report

8.3 The Committee noted the report, which provided an update on the status of current NRS projects and programmes. The information had previously been included in the NRS Governance report and would form the basis of a separate report to ARC, with the development over time to provide more depth of information.

NRS Assurance activities update

8.4 The Committee noted the report, which provided an update on the status of activities since the last report presented to Audit and Risk Committee in May 2020.

NRS Audit Recommendations Status Report

8.5 The Committee noted the report.

9. Forward Look - Audit and Risk Committee and Executive Management Board

9.1 The report was included for information and outlined proposed ARC business for the next twelve months.

10. Any other Business

10.1 No other business was noted

11. Date of next meeting

11.1 The next meeting was planned for 31 March 2021.

END