

Minute of Audit Committee

Meeting	Audit Committee	Date/Venue	Tuesday 11 September 2018, Conference Room, Pacific Quay.
Meeting Called By	David Hume, Chair	Start Time	10:00
Reference Meeting No	SPAAUDIT-110918	End Time	13:00

Members Present		In Attendance	
Name	Title	Name	Title
David Hume	Committee Chair	Kenneth Hogg	Interim Chief Officer, SPA
Susan Deacon	SPA Chair	Carron McDiarmid	Interim Chief Operating Officer, SPA
Grant Macrae	Committee Member	Hilary Pearce	Interim Director of Improvement Assurance, SPA
Jane Ryder	Committee Member	Graham Stickle	Risk and Policy Specialist, SPA
		Lynne Clark	Programme Development Manager, SPA
		ACC Alan Speirs	Assistant Chief Constable, Police Scotland
		Bob Kennedy	Superintendent, Police Scotland
		Alasdair Corfield	Financial Controller, Police Scotland
		David Christie	Statutory Reporting Lead, Police Scotland
		Fiona Miller	Enterprise Risk Manager, Police Scotland
		Hazel Irving	Head of Service Management, Police Scotland
		Donna Adam	Audit Manager (Transformation), Police Scotland
		Stephen Boyle	Assistant Director, Audit Scotland
		Paul Kelly	Director, Scott Moncrieff
		Karen Vallance	Committee Co-ordinator, SPA

1. Introduction/Welcome

1.1 Chair's Opening Remarks

1.1.1 The Chair welcomed all attendees, extending thanks to Susan Deacon for attending.

1.2 Apologies

1.2.1 There were no apologies received.

1.3 Declarations of Interest:

1.3.1 There were no declarations of interest.

1.4 Any other business

1.4.1 There was no other business.

2. Minute and Actions from previous meeting

2.1 Minute of Committee Meeting held 24th July 2018

2.1.1 The Minute was agreed as an accurate record with the following amendments:

- 'Consultation' to be replaced with 'consideration' in paragraph 5.2.5
- 'Assurance' to be replaced with 'advice' in paragraphs 5.1.2 and 5.3.2
- 'Susan Deacon' to be replaced with 'full Board' in paragraph 5.4.3
- 'Huge' to be replaced with 'considerable' in paragraph 5.9.1

2.2 Rolling Action Log

2.2.1 Members noted the action updates and agreed the actions proposed to close.

2.3 Matters Arising

2.3.1 K Hogg was requested, as part of current governance work, to consider the appropriate marking of 'Recommendation to Members' within Committee papers **ACTION 20180911-AUD-001**.

3. Decision on taking business on private

3.1 Members agreed to take items 10 to 13 in private.

4. Internal Audit Reports

4.1 Progress Report

4.1.1 P Kelly provided a summary of the report and following discussion with Members, it was agreed that the SPA Governance report would be deferred to 2019/2020.

4.1.2 It was noted there were a large number of audit reports scheduled to be reported to the Committee during Quarters 3 and 4. P Kelly confirmed that work would be undertaken to decide whether any could be brought forward.

4.1.3 With reference to opportunities for further development, within the paper, Members were advised that Scott-Moncrieff and HMICS would be in discussion to collectively look at mapping of work to avoid any duplication.

4.2 HR Performance Reporting

4.2.1 P Kelly presented the report, advising Members that the Management Responses, missing in the report presented to the Committee in July 2018, had been updated in full.

4.2.2 Members discussed the six areas for improvement, agreeing they were well noted and observed.

4.2.3 With reference to the due date (1st August 2018) against management action 'Developing Scope Internal Reporting Capabilities', Members requested clarification that the actions had been implemented by this date **ACTION 20180911-AUD-002**. Members agreed it was imperative that the Improvement Tracker captures all information, including implementation, so there is clarity that all actions are either progressing or completed against their due date.

4.3 Quarterly Assignment Planning

4.3.1 P Kelly presented the report, highlighting the assignment plans for six reviews. Members agreed that the report was an excellent step forward and helpful to the understanding of the Audit Committee. It was requested that future Internal Audit progress reports contain assignment plans for upcoming reviews **20180911-AUD-003**.

4.3.2 S Boyle agreed it was a helpful report for the Committee and a step forward for governance. However, it could be helpful to have the audit sponsor for each review present at the Committee to assist discussion.

4.3.3 With regard to the Tendering Procedures report, Members discussed whether the timing was right as recruitment had started within the Police Scotland procurement department while fieldwork was due to be completed by December 2018. Members were advised that procurement recruitment increased productivity so the timing should not be of concern, however, it was accepted that the business risks may differ.

4.3.4 With reference to the SPA Staff Performance Management report, K Hogg and S Deacon advised that the link to structure was a cause for concern as the SPA corporate structure was not yet agreed and there was no steady state. Members agreed with this opinion but all noted that the link to performance development was significant.

4.3.5 K Hogg highlighted that the Audit Sponsor for the SPA Staff Performance Management report should be K Hogg and not J Helliker, as reported.

4.3.6 With regard to the Risk Management report, Internal Audit were advised that the report should also include SPA and Forensic Services, along with Police Scotland.

4.3.7 Members agreed all assignment plans with the exception of the SPA Staff Performance Management report, which was deferred to a later date. Members requested this assignment plan was brought back to the Committee for further discussion **20180911-AUD-004**.

4.4 Protocol for Commissioning of Additional Work

4.4.1 P Kelly provided an overview of the report. H Pearce added that the plan for Internal Audit work was within the work plan and agreed prior to the start of the financial year. Inevitably, additional and/or unknown items arise which are short and in need of review as soon as possible. Normally, this work is carried out within contingency days previously agreed but there is a need to properly record requests, which the report details.

4.4.2 Members agreed the protocol.

4.5 Assurance Mapping

4.5.1 P Kelly provided an overview of the report, highlighting that the Scottish Government Audit and Assurance Committee Handbook now suggests that, in order to properly fulfil their role, Audit Committees should be provided with an assurance framework.

4.5.2 G Stickle informed Members that an update on assurance mapping was brought to the Audit Committee in March 2014 and an assurance map was developed, in the treasury

format, and presented to the Audit Committee in April 2015. It was then agreed for the assurance map would be presented to the Audit Committee annually but this did not happen. It was requested that the last version of the assurance map be circulated to Committee Members **20180911-AUD-005**.

4.5.3 S Deacon stated that the timing was right to look at assurance mapping again as it was an important step forward in connecting audit to other parts of the organisation. Members agreed that the assurance map would be a positive method of having an oversight on assurance over all areas.

4.5.4 S Boyle agreed with the comments raised and added that Audit Scotland would be content to be involved in any future work. ACC Speirs added that Police Scotland would also be agreeable to being involved in any future discussions.

4.5.5 Members agreed an update on Assurance Mapping be brought to the Committee in October 2018 **20180911-AUD-006**.

4.5.6 S Deacon suggested that the SPA should convene, at an appropriate time, a strategic workshop along with Audit Scotland which should include an awareness of cost and resource of work plus direct and opportunity costs **20180911-AUD-007**.

4.5.7 Members endorsed all the information provided.

4.5.8 The Chair requested consideration be given to how all Internal Audit reports are communicated to the rest of the Board **20180911-AUD-008**.

S Deacon left the meeting.

5. External Audit

5.1 External Audit Interim Management Report

5.1.1 S Boyle presented the report, explaining how the report relates to the Annual Audit. At the start of the financial year, the first External Audit report presented to the Committee is the Annual Audit plan which set out the audit risks. Exhibit 2, within the paper presented, details the controls tested and the full report details: all updates on work; indicates any areas for concern, and advises if the Annual Audit is progressing to plan.

5.1.2 With regards to the timing of the Annual Report and Accounts, S Boyle confirmed that they should be reported earlier in the year. However, this year completion of the reports is running to time therefore next year, there is the possibility that it can be brought forward.

5.1.3 Members sought further information on paragraph 22, specifically "*The governance arrangements required, in what is an innovative and highly technical approach involving data science, will require a change in skills and mindset.*" S Boyle confirmed that clarity on this section will be provided within the Annual Accounts so can be discussed further once they are presented.

5.1.4 It was requested that the report be circulated to all Members **20180911-AUD-009**.

5.2 Annual Report and Accounts

5.2.1 S Boyle advised Members that Audit Scotland were satisfied with how the audit was progressing and that, currently, there was nothing to suggest a repeat of last year's modifications. Considerable support and engagement was allowing Audit Scotland to consider all matters arising and there was a positive change in progress compared to the previous year. Audit Scotland expected to complete its audit report in mid-October 2018.

5.2.2 Members commended all staff involved and the work carried out to date.

6. Improvement Tracker

6.1 SPA Improvement Tracker Update

6.1.1 L Clark referred Members to the paper, highlighting that of 262 recommendations, 128 were either closed or pending discharge. Both the Forensic Services Committee and the Complaints and Conduct Committee had had improvement updates which were tailored to their interest and remit plus there were overall updates provided quarterly to the SPA Board meetings.

6.1.2 Members requested clarity on the information provided regarding a revised Audit Committee Terms of Reference being presented to the Board in October 2018 **20180911-AUD-010**

6.2 Police Scotland Audit and Improvement Recommendation Tracker Q1

6.2.1 D Adam presented the report, advising that there were currently 184 recommendations opened, including 25 new. Progress on ICO recommendations had been significant and focus had been on high risk recommendations which had, in turn, meant 54 recommendations had missed their original timescale.

6.2.2 Members noted the update but warned against recommendations having no confirmed due date as that impacted any progress being detailed.

L Clark left the meeting.

7. Whistleblowing

7.1 SPA Whistleblowing Progress Report

7.1.1 H Pearce advised that SPA were currently considering the recommended action on its Standard Operation Procedure and further work was to be undertaken between SPA and Police Scotland.

7.1.2 Members noted the update.

7.2 Police Scotland Whistleblowing Progress Report

7.2.1 ACC Speirs advised that the Police Scotland Standard Operating Procedure was complete and was awaiting feedback from the appropriate team.

7.2.2 Members noted the update.

8. Technical Updates

8.1 D Christie provided an overview of the paper which highlighted information on leases against IFRS- 16.

8.2 Following discussing on the estimate cost of all leases, S Boyle cautioned that compliance and materiality were two distinct areas.

9. AOCB

9.1 There was no other business raised.

D Adam, D Christie and A Corfield left the meeting.

Items 10 – 13 were taken in private

end

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