

Minutes of meeting on 5th June 2019

QUALITY MEAT SCOTLAND

Minutes of the Audit and Risk Management Committee Meeting
5th June 2019, 1:00pm -5:00pm

Present:

Ann Irvine - Chair
George Milne
Louise Welsh

In attendance:

Alan Clarke
Paul Byrne
Debbie Phillips
Gill Callaghan (TIAA) – by phone
Karen Cotterell (Audit Scotland)
Kirsty McCormack - minutes

Apologies:

Julie Fitzpatrick
Peter Lindsay (Audit Scotland)

1 Welcome & Apologies

ACTION

The minutes were agreed as an accurate record of the meeting.
It was agreed by each individual there was no conflict of interest with any agenda item.

2 Additions to the agenda

There were no additions to the agenda.

3 Declaration of interests in any agenda item

There were no declarations of interests in any agenda item

4 Minutes of meeting on 27th March 2019

The minutes were agreed as an accurate record of the meeting.

5 Update of Action Points from previous meeting

Action Point 3.3 Performance Review - By the end of June to appoint a training provider for Senior team appraisal training. Training plan will be issued in June. **AC**

Action Point 7 – Scheme of Delegation – New cycle of agenda items to be presented as an agenda item for the next meeting by Debbie Phillips **DP**

Action Point 8 – QMS Policies and Procedures – The committee agreed to take this forward. Debbie Phillips to organise the set up of the new email accounts for Board Members. **DP**

6 Report on Fraud, Theft and Bad Debts to 31st March 2019

Paul Byrne presented the report to the committee that is sent to Scottish Government annually. Ann Irvine thanked everyone who was involved in pulling the report together. There was nothing more to report.

7 External Audit

7a Auditors Covering Report with Audit certificate & letter of representative

Karen Cotterell was happy to announce that we received a clean audit report.

5 copies of the audit report will now be signed by Alan Clarke at the QMS board meeting and sent to Audit Scotland for laying with Scottish Government. Audit Scotland then send back 3 sets of accounts to QMS for information along with the final audit report.

AC / DP

7b Auditors Annual Audit Report 2018 / 19

Karen was very pleased that with a shorter window to audit this year, we have completed with a full clean audit report with no significant issues. Karen mentioned that the standard of papers that were provided were great and thanked Debbie and the team with their help on pulling all information together.

There was a query during the audit with regards to annual leave payments at the end of year. This was reported as a governance issue and not as an irregular payment. The payment was not raised with Scottish Government as part of our devolved powers through pay policy we can make these payments using our own internal structure. It was brought to QMS's attention however, that we didn't have a clause in our handbook to cover these payments. This information has now been incorporated into our handbook, therefore this will not arise as an issue in future.

Karen mentioned that there are no significant concerns about the overall financial position of QMS however they are pleased to see that with the many challenges ahead over the uncertainty in relation to the EU withdrawal, we are well prepared compared to other companies and that we are taking it seriously with the topic being on our agenda at many of our meetings.

Audit Scotland are happy to see that their recommendation of dependency on key suppliers has been added to the Risk Register. Although there have not been any issues with this before, our largest supplier contract with Lloyds Register is to the value of around £1.6million which if the supplier cease trade this could have a major impact on QMS.

Alan Clarke touched on the Ring-Fenced Fund work with AHDB and highlighted that we had hoped to attach an appendix to our accounts to show where the £2m had been spent and the benefit that this provide to Scottish levy payers. Alan has designed a financial reporting template which was sent to the 3 nations to be agreed. A discussion on levy repatriation took place. Ann Irvine suggested if the financial reporting didn't improve that this be put onto the risk register.

Alan Clarke thanked Karen and the team at Audit Scotland and expressed it has been a pleasure working together and look forward to keeping the professional relationship going.

Ann Irvine and the rest of the committee thanked Debbie Phillips and the rest of the QMS team for all their hard work over the year to get a clean year end audit report.

7c Audited Accounts for the year to 31st March 2019

Paul Byrne presented the report to the group. There were not many issues to raise. No significant changes to figures. The budgeted deficit of £24,000 was close to the actual amount of £24,686.

There was a discussion on how we present income from the RFF. It was agreed that we will net the income off against our expenditure in our accounts.

8 Internal Audit

8a Audit report, Marketing & Comms

Gill presented the report with no significant issues identified. Gill was happy to see a big list of good practice examples in the report. Gill reported that QMS have good GDPR policies and procedures in place. QMS are using best use of Social Media platforms.

Ann Irvine expressed that it was the biggest list of good practice examples that she has ever seen. Exceptional reporting and review and that the Marketing & Communications department should be very pleased with this. A big congratulations to the team.

8b Annual Report

Gill Callaghan presented the Annual Report to the committee with no issues raised.

8c Audit Plan Proposal & Timetable for 2019/ 20

The Audit Plan for 2019/ 2020 has been confirmed for the following 3 areas; Payroll, GDPR and Industry Development.

8d Review Draft Audit Charter

Gill advised that the draft Internal Audit Charter is something that TIAA normally put together from the start of a contract however Cheine & Tait who TIAA took over never used to do this. This charter will be in place for the year which is our final year of the 5-year contract.

Gill advised that an email will be sent to Debbie Phillips with a link to the client satisfactory form which Debbie will complete. This is to give feedback on TIAA. Debbie to look out for email or get in touch with tiaa if not received.

DP

8e Outstanding Actions

There were no outstanding actions

9 Review of Risk Register

Part 1

The committee agreed that at meetings, rather than going through the risks line by line that the group are to raise anything that they feel needs looked at or discussed from

when they read over the papers before the day of the meeting. This is due to the risk register being thoroughly looked at in detail by the Executive Team first, before it is brought to the Audit & Risk Management Committee.

The Risk register was reviewed in detail by the team with a few key external & internal issues to continue to keep a close eye on Brexit, especially the sheep sector/ Anti Red Meat lobby/ Climate change/ Budgeted deficit for 2019/ 2020 and current key staff changes.

It was agreed that number 8 on the register was not fully capturing the current anti-meat issue and it was agreed for Debbie Phillips to add this in a separate section to cover meat free Mondays, Vegans etc.

DP

The group agreed that the register is accurate and that the key issues can be discussed at the June Board meeting.

Part 2

As discussed at the last meeting, a new reporting format of the risk register was to be looked at as although the current format of the risk register worked well in the past, it is not presented in the best and easiest way to understand.

Debbie presented the 6 different examples of dashboards that can show the overview and the status of the risk register in a quick and easy way to read. The team agreed on two of the examples which they preferred and asked for Debbie to look into these in more detail and bring to the next Audit & Risk Committee meeting to then present at the November Board meeting. The preferred examples are numbers 2 & 4 which the team hope that the ideas can be combined to that meet our needs.

DP

It was suggested that perhaps we have 3 different risk registers, one each for internal and external risks and one to total them up.

Another suggestion was to have subcategories under 4 main headings: support, promote, protect and develop.

10 Review of QMS Committee Structure

Alan Clarke presented the QMS Committee Structure review paper.

Alan thanked the Executive Team and the Board members for all of their thoughts and suggestions to update this paper and assured that all of these were taken on board.

In the paper there were 15 decisions to be made at the meetings. After an in-depth discussion on each, they were all agreed, and Ann will take these to the June Board meeting for discussion and approval.

AI

It was mentioned that the QMS website needs updated with a list of committees and their members. Alan Clarke advised that there is a new QMS Website that will be going live at the end of June and all of this will be updated.

DP

11 Review of Reserves Policy

Paul Byrne presented the Reserve Policy paper for discussion. The reserve level is recommended at medium risk. There were no concerns to report.

The committee approved for the policy to be reviewed by the Board at the September Board meeting. It will be put on as an agenda item.

12 Results of Audit and Risk Management Committee Effectiveness Self-Evaluation Questionnaire

The group looked though the results from the questionnaire and one point was discussed; Do the Audit committee receive annual feedback on its performance from the Board? Alan Clarke to check with Kate Rowell when she will be putting in time for Board appraisals and to make sure that this will include feedback on Audit & Risk Committee member performances. **AC**

The group asked the question if there is an Audit & Risk Management Committee induction course for members to go on and there is real interest in this. Scottish Government and SAOS may run courses. Debbie to look into this. **DP**

13 Any other business

2020/ 2021 meeting dates. Debbie to send round dates for meeting in 2020/ 2021 once the Board meeting dates have been confirmed. **DP**

14 Dates of Next Meetings

Wednesday 23rd October 2019, 12.30pm – 3.30pm, lunch at 12pm
Wednesday 4th March 2020 1pm – 4pm, lunch at 12.30pm