

QUALITY MEAT SCOTLAND

Minutes of the Audit and Risk Management Committee Meeting
23rd October 2019, 1:00pm - 4:00pm

Present:

Ann Irvine - Chair
George Milne
Julie Fitzpatrick
Louise Welsh

In attendance:

Alan Clarke
Debbie Phillips
Gill Callaghan (TIAA)
Karen Cotterell (Audit Scotland)
Kirsty McCormack - Minutes

Apologies:

Peter Lindsay

1 Welcome & Apologies ACTION

Ann Irvine welcomed Julie Fitzpatrick to her first meeting.

One apology was from Peter Lindsay.

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 6th June 2019

Page 2 of the minutes under Agenda point 7b – Auditors Annual Audit Report 2018/2019. It mentions that Ann suggested if the RFF financial reporting didn't improve that this be put onto the risk register.

Ann highlighted this and asked if it is something that should be done. Alan Clarke gave an update on the current RFF financial situation and advised that he hopes to be in a better place and have a final agreement by this time next year.

It was agreed that the RFF Financials should be put onto the risk register.

DP

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

5 Update of Action Points from previous meeting

Action Point 8 QMS Policies and Procedures – The committee agreed that from the 2nd December 2019, the Board QMS email addresses will go live and all future QMS correspondence will be sent to this address.

Ann Irvine will notify the Board at the November Board meeting of this agreed date, the 2nd December 2019 **AI**

Action Point 10 Review of QMS Committee Structure – List of committees is still being finalised and will be in the papers for the November Board meeting. List of committees will then be put onto the QMS website by the end of December 2019. This action point will be carried over to the next meeting.

Action Point 12 Results of ARC Effectiveness Survey – Debbie Phillips issued a document with a list of SAOS training courses that are available. Debbie highlighted that the course called 'Understanding Financial Accounts' may be of benefit. After a discussion the committee agreed that this course is more for finance than audits and asked for Debbie to look into if there are any courses on audits for NDPB organisations. **DP**

It was agreed if Debbie could also look into what the mandatory courses are for Board members to attend. **DP**

Ann raised the question from a previous meetings action point of where we are with training for middle managers. Ann Clarke advised that Media training took place in August with more confirmed for December. A two day course on Leadership and management training has been arranged for the 16th & 17th December 2019. Alan confirmed that a full training plan will be done by the 31st March 2020.

6 Review of Risk Register and Dashboard information

Review of Dashboard

Debbie Phillips presented the draft dashboard that she had created herself after getting the committee's feedback from the June meeting. Debbie highlighted that she did look into companies that would be able to create a dashboard for us, but this worked out to be extremely expensive, with one company quoting £60,000.

The committee reviewed Debbie's draft dashboard and were asked to answer a few questions. Questions and answers below;

- Is it fit for purpose? *Yes*
- Do we want to categorise our risks into groups? Industry & organisation? *Yes*
- Do we want an overall dashboard? *Yes*
- Do we want separate dashboard for industry & organisation risks? *Yes*
- Do we need to go into subcategories? *Possibly but we will look at this later on in the year.*

With the committee answering the questions, It was agreed for Debbie to create 3 dashboards, 1 for overall risks, 1 for Industry risks and one for organisational risks. These will go to the November Board meeting for approval.

There were a couple of suggestions on what could be added to the dashboard which Alan and Debbie will review:

- Add arrows to show direction of travel of each risk
- Use colour coding to show direction of travel of each risk

Review of Risk Register

Debbie presented the Risk Register table listing all proposed changes that came from when the Executive Team reviewed the risk register in full. The committee went through the list and made decisions on whether they agreed with the changes or not. The committee also reviewed the risks that were not changed by the Executive Team.

Debbie is to update the Risk Register table with all changes that were agreed by the committee for it to go to the November Board for approval. **DP**

The committee proposed the following additional changes that could be made to the risk register and it was agreed that Debbie and Alan will review these: **DPI/ AC**

- Change Row Labels to Risk number
- Separate Inherent and residual dashboards
- Giving risks letters (risk A, risk B etc) instead of numbers (risk 1, risk 2 etc)

Ann and the committee thanked Debbie for her superb work at pulling of the Risk Register information together to make it easier to follow and understand.

7 Annual review of Audit Committee Terms of Reference

The committee reviewed the terms of reference and discussed a couple of statements that should be amended under the header, Duties; General. It was agreed that Debbie Phillips and Alan Clarke would review these changes, reword the statements and bring back the updated terms of reference to the March meeting for it to go to the April Board meeting for approval. **DPI/ AC**

It was noted that on Page 3 of the terms of reference, it should read Approved by Board April 2019 and not 2018. Debbie to amend the document. **DP**

It was agreed that GDPR should be added to the terms of reference. Debbie to add this to the document. **DP**

On the Cycle of Standard Agenda Items, It was agreed that Debbie is to make the following changes; **DP**

- Report on Fraud, Theft and Bad Debts should be added to June's list of agenda items
- November should be changed to October
- Under November (October) Remove – to discuss draft External Audit Plan

8 Internal Audit

8a Audit report - Payroll

Ann Irvine thanked Gill Callaghan for the audit report on Payroll and thanked Debbie Phillips for all her work at pulling everything together for the audit to be passed.

Gill confirmed that she was happy with the audit but there were two issues that resulted in two priority actions

Debbie mentioned the possibility of a big change in how we do the payroll each month going forward. Next month we will be trialling doing electronic payments through the bank rather than having to phone in the payments which we currently do.

8b Update on Outstanding Action Points

Gill advised that the two action points on the report have now been actioned and that she was happy with the responses.

8c Audit Planning Memorandum – Industry Development

Gill advised what will be required for the Industry Development audit which is planned for the 17th & 18th December 2019. Gill asked if there were any other areas that should be added to the areas to be covered. Alan Clarke said that was happy with the list and that there is nothing else to be added.

8d Audit Planning Memorandum - GDPR

The GDPR Audit is planned for 13th February 2020. Ann Irvine questioned the capacity to undertake this audit due to the extent of documentation requested by the auditors, the cross organisation compliance and the current staffing situation (both newly appointed staff and vacant posts) Alan Clarke discussed the current issues within the organisation including being understaffed and big events that we are organising over the next few months. With these issues, Alan asked the auditor, Gill Callaghan if it would be possible for the GDPR audit to be put back to later on in the year, possibly June/ July time.

Gill confirmed that yes it would be possible, but we would have to replace GDPR with another area as an audit would still have to take place on these dates.

The committee agreed that GDPR should be replaced with an audit on Income Streams. Gill will send paperwork to Debbie confirming the change.

Ann will update the Board at the November meeting of this change.

AI

It was agreed to add GDPR Report to the agenda for the next meeting in March 2020.

DP

9 Any other business

There was nothing else raised by the committee.

10 Dates of Next Meetings

Wednesday 4th March 2020 1pm – 4pm, lunch at 12.30pm

Wednesday 3rd June 2020 1pm – 4pm, lunch at 12.30pm

Wednesday 21st October 2020 1pm – 4pm, lunch at 12.30pm