

DRAFT Minutes of Environmental Standards Scotland Audit and Risk Committee

23 August 2021, 14:00 – 15:30
(Held on MSTeams)

Present

Marie Fallon (MF) Chair
Richard Dixon (RD) Member

In attendance

Transition Team:

Brendan Callaghan (BC) Interim CEO
Rebecca Peppiette (RP) Head of Secretariat
James Aldred (JA) Business Manager (Minutes)

Scottish Government Internal Audit:

Iain Burns (IB) Lead Senior Internal Audit Manager
W Douglas Falconer (DF) Internal Audit Manager

1.	Welcome and declarations of interest BC declared an ongoing interest as a part owner of Old Caberston Forest, a fifty-three hectare area of forestland in Scotland which is in receipt of grants from Scottish Forestry, and as a partner in a local community wood energy scheme.
2.	2021-2023 Internal Audit Plan Introductions were made. Internal Audit presented the proposed draft Environmental Standards Scotland (ESS) Audit Plan, noting that it would provide the framework for Internal Audit's work, with regular updates to the ESS Audit and Risk Committee (the Committee) built into the timelines. The associated Memorandum of Understanding and costs for the service were expected to be agreed within the next fortnight, and will be shared with the Committee for approval. The Committee resolved that Terms of Reference for the audit service be circulated by correspondence, and that the reference to 'Head of Internal Audit for ESS' be amended to clarify that this post holder was not an ESS employee. BC noted that it was still to be confirmed if six month end-of-year accounts would be required for the 2021/22 financial year, or whether 18 month accounts would be presented in 2022/23. Further work is required on this and will be brought back to the October Committee for consideration. Internal Audit confirmed the audit work plan could be amended appropriately, depending on which option was taken.

	<p>Internal Audit also confirmed that from an audit perspective, all key elements towards vesting were in place and that good engagement with the CEO and Head of Secretariat had taken place during the pre-vesting preparation process.</p>
<p>3.</p>	<p>Audit and Risk Committee</p> <p>RP and BC provided updates on matters arising:</p> <ul style="list-style-type: none"> • BC reported that his appointment as Accountable Officer had been approved by the Permanent Secretary. • An external consultant will be contracted to provide preparedness support including: the Committee’s Terms of Reference; letters of appointment; independent analysis of the Board’s completed skills matrixes; and the recruitment preparation for the co-opting of an additional Committee member. RP confirmed that no direct ministerial or Parliamentary approval would be required to co-opt a new member. <p>The Committee requested that the minutes of its meetings be reported to the Board for approval. This requirement will also be clarified in the ESS Standing Orders.</p>
<p>4.</p>	<p>Strategic Environmental Policy (SEP) Programme Board</p> <p>BC reported that the SEP Board had considered the ESS assurance report and approved the proposed vesting date of 1 October 2021. ESS received positive feedback on the work carried out to date towards vesting .</p> <p>RP reported that a payroll provider had been appointed and that on-boarding was underway, with backup procedures in place if required. Implementation of ESS’ finance system will have a short delay to allow for appropriate testing to be carried out. Despite this requirement, ESS will be financially operational from vesting. However, there will be retrospective journaling requirements when the new system goes live.</p>
<p>5.</p>	<p>Budget projections – August Board paper</p> <p>RP clarified points in the budget around: accommodation; the finance system; and future reviews across a range of services. It was agreed that the current budget format would be suitable for the Board while ESS systems are being established, and more notes will be added where required.</p> <p>BC shared that 2021/22 ESS expenditure is projected to be £1.3m of the £1.5m budget. The two following financial years have also been provisionally costed.</p>

	RP undertook to implement a renaming of the 'contingency' line to reflect the expected legal costs, and of 'unallocated' budget to reflect expected under- or overspend.
6.	AOB and forward meeting dates The Committee discussed the risk appetite paper that was to be presented to the next meeting of the Board. BC noted that the proposal was to approve the updated risk appetite map, then circulate the full risk management package by correspondence thereafter. A draft risk register will then be brought to the Board for consideration. The proposed forward meeting dates were approved.

Marie Fallon
Chair, Audit and Risk Committee
[Date]

Matters Arising

Actions from Committee Meeting: August 2021		Owner	Deadline	Status
1.	To circulate the Memorandum of Understanding (Terms of Reference) and service costs for the Internal Audit service to Committee members.	IB/DF	18/10/21	Completed
2.	To amend the reference to 'Head of Internal Audit for ESS' to clarify that this post holder was not an ESS employee.	IB/DF	18/10/21	Completed
3.	To bring back further detail on the accounts preparation deadline.	BC/RP	18/10/21	Ongoing
4.	To clarify the requirement for approval of Committee minutes in the ESS Board standing orders.	RP	18/10/21	Completed
5.	To bring the risk management package and draft risk register to Committee for discussion.	BC	18/10/21	Completed
6.	To make the necessary arrangements for appointment letters for Committee members.	RP	22/11/21	Ongoing