

ENVIRONMENTAL Standards Scotland

Minutes of Environmental Standards Scotland Audit and Risk Committee

22 November, 14:00 – 16:00
(Held on MSTeams)

Present

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

In attendance

Executive 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 The Chair welcomed all attendees to the meeting. BC's declaration of interest as a part owner of forestland in receipt of grants from Scottish Forestry, and as a partner in a local community wood energy scheme, remained current.
2.	Minutes and matters arising Under item 1 of the draft minute, the Committee requested that previous declarations of interest be set out for completeness, alongside any new declarations. The minutes were approved subject to this amendment.
3.	Budget RP introduced the budget paper, noting that ESS' new SEAS financial system was now in place. The Committee queried whether insurance would be required to cover staff and Board members in their duties. RP noted the general approach for Non-Ministerial Offices, as set out in the Scottish Public Finance Manual , and that the Scottish Legal Aid Board's insurance would cover landlord-related issues. Confirmation was still being sought as to whether separate insurance may be required in certain situations.

	<p>The Committee requested:</p> <ul style="list-style-type: none"> • That possible increases in energy costs be considered for future years. • A presentational change to titles within the budget. • Updates to the layout of the in-year projected spend. • That a six-month interim review on the budget and projected expenditure, against pro rata assumptions, be built into the forward programme of Committee reporting. <p>In relation to the transition from shadow to formal operation, RP noted that work was underway to confirm an opening balance for the new financial system.</p>
<p>4.</p>	<p>Revised risk register</p> <p>BC introduced the report, noting that the draft register had been revised as discussed at the previous meeting.</p> <p>The Committee requested that the post-mitigation scores for risks 4.1 (cyberattacks) and 6.1 (overwhelming number of representations) be reviewed in light of the mitigation efforts reported.</p> <p>The register was approved for submission to the Board subject to these amendments. The Committee agreed to review the register quarterly going forward and that it would also be reported to the Board twice a year.</p> <p>At the next Committee quarterly review, further information will be provided on the rationale behind each risk, grouped under headings, to enable longer term monitoring of trends to be carried out.</p>
<p>5.</p>	<p>Committee governance</p> <p>On the draft letters of appointment, the Committee resolved to:</p> <ul style="list-style-type: none"> • Incorporate reference to the agreed terms of office for appointed and co-opted members. • Limit Committee Chair's appraisals to the co-opted member. • Include a three-month notice period for both appointed and co-opted members, in line with Board member notice periods. • Incorporate the references to national insurance and tax liabilities as included in the Board appointment letters. • Clarify that the commitment and remuneration associated with Committee membership is not additional to that laid out in Board standing orders for Committee members. • Amend the responsibility for terminating membership of the Committee from the Accountable Officer to the Board. <p>The letters were approved as amended.</p>

6.	<p>Recruitment of Co-opted Member</p> <p>RP noted that a job description was in development and the Committee agreed to review this by correspondence if required.</p>
7.	<p>Consultancy support</p> <p>RP updated the Committee that the procurement of the Interim Public Sector Governance Advisor was due to close on 25 November 2021 and that the resulting contract would be set up using a call-off approach to provide flexibility.</p> <p>Key duties under the contract would be for the provider to support the:</p> <ul style="list-style-type: none"> • Development of the Board on succession planning, including gaps identified by the skills and equalities matrix processes; • Accountable Officer in delivery of their duties; • Committee in forward planning its business and developing its processes.
8.	<p>Delegated Limits of Financial Purchasing and Payment Authority</p> <p>BC presented the draft internal delegation policy for discussion. The Committee recommended:</p> <ul style="list-style-type: none"> • References to 'Accounting Officers' be changed to the 'Accountable Officer' throughout. • Clarification that new items/services over £25,000, despite having approval in a budget previously, still require a further specific purchasing sign-off by the Board. • 5.1 and section 8 - Clarification of references to 'segregation' vs 'separation' of duties. • Section 9 - To replace reference to OJEU procurement regulations with Scottish Government procurement regulations. • 13.1 - An update to the Committee name. • 13.3 - To revise the CEO's approval level for gifts and ex-gratia payments to £10,000. • That written approval can be obtained from the Board in certain circumstances where time is limited. <p>RP noted that the approved document would be reviewed by Scottish Government Finance and Procurement Business Partners. Procurement and finance training was also being planned for all team members.</p> <p>The document was approved subject to the agreed amendments and the Committee resolved to review its operation in a year's time.</p>

9.	Internal Audit IB reported that the Memorandum of Understanding had been updated as requested by the Committee at the preceding meeting, and had been submitted to BC for signoff as Accountable Officer.
10.	AOB and forward meeting dates The Committee requested that: <ul style="list-style-type: none">• the January 2022 Board meeting date be kept in diaries, but be more of an informal discussion on progress without a full set of supporting papers;• Internal Audit provide key dates for the review of audit-related reports to support forward planning of future meeting dates;• that a forward calendar year plan of activity, based on quarterly meetings, be drafted for discussion.

Marie Fallon
Chair, Audit and Risk Committee
3 February 2022