



## Audit, Risk and Assurance Committee

15 August 2024

Minutes of the Audit, Risk and Assurance Committee held on Thursday 9 May 2024 at 10am via MS Teams

Committee Members present:	Mary Pitcaithly (Committee Chair) Paul Edie Katharina Kasper Catriona Stewart
Committee Member apologies:	Grant Macrae
In attendance:	<u>Scottish Police Authority</u> Chris Brown, Deputy Chief Executive Officer John McNellis, Head of Finance, Audit and Risk Graham Stickle, Audit and Risk Lead Amanda Coulthard, Head of Strategy and Performance Eleanor Gaw, Governance and External Relations Lead (Item 4.6) Karen Vallance, Governance Support Officer  <u>Forensic Services</u> Fiona Douglas, Director (Items 3.1 - 5)  <u>Police Scotland</u> Assistant Chief Constable Stuart Houston Katy Miller, Director People and Development (Items 2.1-3.1) Andrew Hendry, Chief Digital, and Information Officer (Items 2.3 - 3.1)

**OFFICIAL**

	<p>Angelo Gustinelli, Head of Accounting and Control Alastair Corfield, Head of Best Value Donna Adam, Audit Manager - transformation Hazel Irving, Head of Service Delivery</p> <p><u>Grant Thornton</u> Rebecca Lister, Senior Manager</p> <p><u>BDO</u> Claire Robertson, Risk and Advisory Services Director</p> <p><u>HMICS</u> Tina Yule</p>
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**1. STANDING ITEMS**

**1.1 WELCOME AND APOLOGIES**

The Committee Chair opened the meeting and welcomed all attendees. The Chair confirmed should any Committee Member drop off the call, Grant Macrae would Chair the meeting until the Committee Chair was reconnected. Members noted apologies from Grant Macrae.

**1.2 DECLARATIONS OF INTEREST**

Members noted no declarations of interest.

**1.3 MINUTE OF MEETING HELD ON 17 APRIL 2024 FOR APPROVAL**

Members approved the Minute of the 17 April 2024 meeting.

**1.4 ACTION LOG AND MATTERS ARISING**

Members noted the action log, highlighting that a written briefing detailing the process was acceptable to close the action, as opposed to an in person visit.

**1.5 DECISION ON TAKING BUSINESS IN PRIVATE (ITEMS 6-8)**

Members agreed that, in accordance with paragraph 20 of the SPA Standing Orders, the Committee would consider items 6-8 in private for the reasons set out on the agenda.

**2. AUDIT AND IMPROVEMENT**

**2.1 INTERNAL AUDIT UPDATE**

Members considered the report which provided an Internal Audit progress update and Q4 management Action follow up review. Claire Robertson

(CRobertson) highlighted a number of key points detailed within the report.

In discussion the following matters were raised:

- Members were assured that Forensic Services responses will be prioritised, and that information is provided.
- Members sought more information on the partially addressed recommendations relating to ICT Resource Planning. CRobertson advised that BDO have not agreed the recommendation is removed from future follow up as further work is required, albeit prioritisation work has pushed back those timescales. Hazel Irving (HIRving) confirmed that additional resources are being considered to assist in improving processes.
- The Committee discussed how recent meetings have reported recommendations where BDO and Police Scotland have disagreed on proposed closures. Members agreed it was not for the Committee to arbitrate these issues therefore a process should be put in place to ensure these matters are resolved before being reported to the Committee.

**Members noted the report and agreed the following action:**

20240509-AUD-001: Process to be put in place to ensure agreement is reached on proposed closures and matters resolved, prior to Committee reporting.

## 2.2 POLICE SCOTLAND AUDIT AND IMPROVEMENT RECOMMENDATION TRACKER Q4

Members considered the report which provided an update of current open recommendations from all audit and improvement activity. ACC Stuart Houston (ACCHouston) highlighted a number of key points detailed within the report.

The Committee welcomed the new format of report. As 51 recommendations had been closed but 53 were new, there was not much change on the statistical analysis, therefore Members requested future reports focus on high-risk recommendations and those out of date.

**Members noted the report and agreed the following action:**

20240509-AUD-002: Future reports focus on high-risk recommendations and those out of date.

## 2.3 SPA AUDIT AND IMPROVEMENT RECOMMENDATION TRACKER

Members considered the report which provided an update on Progress against the SPA Corporate Strategy for 2023/24, and open recommendations from all SPA corporate audit and inspection activity.

John McNellis (JMcNellis) highlighted a number of key points detailed within the report.

**Members noted the report.**

### **3. INTERNAL AUDIT REPORTING**

#### **3.1 INTERNAL AUDIT REPORTS**

Members considered three new internal audit reports.

##### **Grievance Process**

CRobertson highlighted a number of key points as detailed within the report.

In discussion the following matters were raised:

- Katy Miller (KMiller) commented in relation to data and systems, confirming she fully accepted the recommendations that improved case management systems were required. KMiller however noted the ask for improved data and data sharing in turn creates a risk, as data is currently held in a format that is not as secure as case management systems.
- KMiller provided detail on why she did not agree with authority approving procedures, commenting that policies and procedures go through consultation with Trade Unions, at which collective agreement is sought. KMiller advised she felt focus should be on seeking assurance that consultation has taken place.
- The Committee discussed the inclusion of 'success criteria' within the procedure, noting that clear outcomes should be monitored and reported with effective oversight. Attendees agreed that if not within the procedure, it had to be documented elsewhere in order to mitigate the risks.
- Members sought assurance that timescales for introducing a new case management system were realistic. KMiller advised there were good systems available, however there were dependencies around HR structures, resource, and training. Members were advised it was hoped a system would be in place by September.
- Members sought assurance that all issues are being taken through the correct process. KMiller responded that the People Direct system provides first contact and is where triage takes place. Consideration on how People Direct can be strengthened will form part of the People and Development review which will look at model, cost, and capacity.
- Members requested more detail on the relationship between the Professional Standard Department and People and Development, in respect of grievance processes. KMiller advised a Case Review Panel had been established of which both departments were involved and agreed to share Terms of Reference with the Committee.

## **Review of ICT General Controls**

CRobertson highlighted a number of key points as detailed within the report.

In discussion the following matters were raised:

- Andrew Hendry and HIrving noted that the audit highlights what has been done and what is still to be done, therefore the findings were not unexpected.
- Members noted the scope of work was broad but heard that audits undertaken during the current year will focus on specific areas, building on knowledge from this report.

## **Best Value Readiness**

CRobertson highlighted a number of key points as detailed within the report.

In discussion the following matters were raised:

- Alasdair Corfield (ACorfield) advised that the review was helpful to gain assurance and highlight areas for focus, and recommendations were not unexpected therefore all accepted.
- The Committee heard that work to recruit resource would commence when the recruitment pause was lifted. Members questioned whether this area should have been included in the recruitment pause, due to the statutory responsibilities of the area. Members noted that the recruitment pause was not lifted, consideration should be given to making best value resource an exception.

## **Members noted the report and agreed the following action:**

20240509-AUD-003: Terms of Reference of Case Review Panel to be shared with the Committee.

## **3.2 ANNUAL INTERNAL AUDIT REPORT**

Members considered the report which summarised the conclusions and key findings from the internal audit work undertaken during the year ended 31 March 2024, including the overall opinion on the internal control systems within Scottish Police Authority, Police Scotland, and Forensic Services. CRobertson highlighted a number of key points as detailed within the report.

Members sought reflections from BDO on their first year of auditing SPA, Police Scotland, and Forensic Services. BDO advised themes identified were on legacy versus modern practice, and capacity and capability to drive change. Members also recognised this and welcomed BDOs intent to help drive continuous improvements.

## **Members noted the report.**

### 3.3 EXTERNAL AUDIT PROGRESS AND SECTOR UPDATE REPORT

Members considered the report which provided an overview an update on the progress of the External Audit and key sector updates. Rebecca Lister (RLister) highlighted a number of key points as detailed within the report.

In discussion the following matters were raised:

- Referring to the audit work plan tracker, Angelo Gustinelli informed the Committee that sign off delays in some were by design in order to capture more information as part of the certificate of assurance process. Members also heard the superuser issue within asset 4000 was a legacy issue and had now been rectified; and the finance team have updated asset register processes to involve yearly reviews to mitigate against the risk of ICT assets not being removed from the register.
- Members sought more information on the Scottish Public Pensions Agency (SPPA) issue and questioned whether it was specific to SPA/Police Scotland. RLister advised there was a difference with other public bodies as the SPPA hold data, so data sharing requests need to be made, and the information is held by a body that Grant Thornton don't audit. Members were informed there was no resistance from SPPA to providing the information but quality and timeliness of receiving it was challenging.
- RLister also informed Members of issues with accuracy which had delayed testing samples but work to address this was progressing.

**Members noted the report.**

## 4. ASSURANCE REPORTING

### 4.1 POLICE SCOTLAND BEST VALUE BI-ANNUAL UPDATE

Members considered the report which provided an update on the Best Value agenda in Police Scotland. ACorfield highlighted a number of key points within the report.

The Committee raised concern on the lack of progress within the Best Value function, although it noted the recruitment challenges it has faced. Members requested an updated plan be presented to the next meeting to ensure it is receiving appropriate priority within Police Scotland.

**Members noted the report and agreed the following action:**

20240509-AUD-004: Updated Best Value plan be presented to the next meeting to ensure it is receiving appropriate priority within Police Scotland.



#### 4.2 ACCOUNTING POLICIES, JUDGEMENT AND ESTIMATES

Members considered the report which provided an overview of the proposed accounting policies, judgements, and estimates, prior to the preparation and approval of the SPA Annual Report and Accounts. JMcNelis highlighted a number of key points within the report.

In discussion the following matters were raised:

- Members agreed the paper will become an annual report, with further sight of the information within the Annual Report and Accounts.
- Members were assured that an estate which is surplus with no plan to bring it back into use will be valued at fair value in accordance with IFRS 13 if it does not meet the requirements of IAS 40 or IFRS 5 as either an Investment Property or an Asset Held for Sale.
- Members sought further information on how accurate provisions are obtained for legal settlements. Angelo Gustinelli confirmed that Audit Scotland had previously identified a key control issue relating to this and work between finance and legal teams was ongoing to address it. This work includes enhancing controls on the provision of an improved legal register which tracks forecast budgets and provision liability. At the year-end position, existing legal claims will be scrutinised to better understand what the legal provision is.

#### **Members noted the report.**

#### 4.3 INTEGRATED ASSURANCE STATEMENT 2023/24

Members considered the report which provided strategic summary of the systems of internal control across the four lines of defence and a summary of the findings from key audit and inspection bodies. JMcNelis highlighted a number of key points within the report.

The Committee Chair confirmed the report was a useful reminder of the four lines of defence and provided a good understanding for those unfamiliar with audit work.

#### **Members noted the report.**

#### 4.4 SPA CORPORATE 2023/24 YEAR END PERFORMANCE

Members considered the report which provided an overview of SPA year end performance for 2023/24. Chris Brown (CBrown) highlighted a number of key points within the report.

In discussion the following matters were raised:

- Members questioned if the recruitment pause is continuing and heard critical roles were being resourced in the first instance.

- Members were informed the forward look aimed to describe what the SPA are aiming to achieve as opposed to only rationalising ambition.

**Members noted the report.**

#### 4.5 AUDIT RISK AND ASSURANCE COMMITTEE ANNUAL REPORT

Members considered the annual report of the Audit Risk and Assurance Committee (ARAC) in line with the Scottish Government Audit Committee Handbook guidance. JMcNelis highlighted a number of key points within the report.

The Committee Chair confirmed she was assured that the Committee was following the Scottish Government Audit Committee Handbook guidance.

**Members noted the report.**

#### 4.6 EVALUATION OF COMMITTEE EFFECTIVENESS

Members considered the report which provided an overview of findings from the 2023-24 Committee Effectiveness process, and assurance on the effectiveness of their contribution to the Authority's governance arrangements. Eleanor Gaw highlighted a number of key points within the report.

In discussion the following matters were raised:

- Members were assured work will continue to drive continuous improvement, with focus on volume and length of Committee reports, improved alignment between Agendas and Committee Terms of Reference, and delivery of actions. The Committee Chair noted the positive outcomes from the exercise but acknowledged more improvements could be made.

**Members noted the report.**

### **5. AUDIT, RISK AND ASSURANCE COMMITTEE WORK PLAN**

Members were presented with the work plan which proposed Committee items for the next 12 months.

**Members noted the plan.**

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