



Audit and Assurance Committee

Date of Meeting	Tuesday 20 October 2020
Time	10:50 – 12:00
Location	Video Conference – Microsoft Teams

Attendees

Present

Russell Frith (RF)	Chair, Non-Executive Member
Jessica Burns (JB)	Non-Executive Body Member
Douglas Hutchens (DH)	Non-Executive Body Member
Elaine Noad (EN)	Non-Executive Body Member
David Wallace (DW)	Accountable Officer, Chief Executive
James Wallace (JW)	Deputy Director of Finance and Corporate Service
CB	Strategy, Policy and Assurance Lead
NB	Head of Finance

Audit Scotland

FI	Senior Auditor
CG	Senior Audit Manager

Internal Audit Directorate, Scottish Government

LS	Internal Auditor
IB	Senior Internal Auditor

Secretariat

IB	Governance and Business Co-Ordinator
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Apologies

Miriam Craven	Deputy Director for Strategy and Client Experience
MT	Audit Director
NM	Corporate Assurance Lead
LH	Corporate Assurance Manager

1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting and noted apologies as listed above.
- 1.2. The Chair noted that meetings papers had not been published. This was because the new website was being launched. DW noted that this would be addressed before the end of the month.
- 1.3. No conflicts of interest were noted.

2. Minutes and Action Tracker

- 2.1. The minutes from the Audit and Assurance Committee meeting held on the 25 August 2020 had been agreed and are awaiting publication.

3. 2019-20 Annual Report and Accounts

- 3.1. JW was pleased to present the 2019-20 Annual Report and Accounts. Although the accounts have a regularity qualification for Carer's Allowance he accepted the audit opinion. Otherwise it was a significant achievement to complete this work only a month later than last year.
- 3.2. JW wished to record his thanks to Audit Scotland for the way in which the audit had been conducted this year with remote working due to COVID 19. JW noted that in line with last year a lessons learned exercise would be conducted to continue to improve the process.
- 3.3. The Chair was pleased to note that although the organisation had the opportunity to abbreviate the performance report it had provided a full one. He noted that whilst qualified opinions are never sought he agreed with the auditor's conclusion on the regularity of Carer's Allowance payments. The Chair asked members for any comments they had on the document.
- 3.4. EN noted that the report should be qualitative as well as quantitative. CB explained that the qualitative information was to be secured through the All Client Survey which did not proceed due to COVID-19. The 2020-21 Annual Report and Accounts will include this information.
- 3.5. JB asked why the survey did not go ahead. CB noted that although there had been preparatory work on the survey in February/March 2020 the analysts were diverted to other COVID 19 work and there was insufficient resource and capacity to conduct the survey.
- 3.6. CG asked that the committee note the excellent achievement from all staff in producing the Annual Report and Accounts. The Audit and Assurance Committee noted the report.

4. Audit Scotland 2019-20 Annual Report and Independent Auditors Report – Including Section 22

- 4.1. CG highlighted the key points in the Annual Report and Independent Auditor's Report, noting the cover paper confirmed the work completed.
- 4.2. CG advised the Committee that the report outlines the key issues identified throughout the course of the audit and provides recommendations that management has responded to in the action plan.
- 4.3. CG advised that the report provides an unqualified opinion on the financial statements, with the regularity opinion qualified on the basis that estimated overpayments of Carer's Allowance attributed to error and fraud of 5.2 per cent were material, as per the key points in the report.
- 4.4. As part of the sign off process, ISA 580 management letter of representation has been issued and will be signed by the Accountable Officer.
- 4.5. The chair noted the following;
 - Appendix B: Letter of Representation (ISA 580), Paragraph 5, only the latter sentence is required.
 - Appendix B: Letter of Representation (ISA 580), Paragraph 21, Department for Work and Pensions should be amended to read GB based and not UK.

NB noted both points and agreed to amend the letter.

- 4.6. CG opened the floor to questions.
- 4.7. The Chair requested an update on the Section 22 Report. CB noted the draft currently sits with the Auditor General and that it would be brought to the next Audit and Assurance Committee meeting on 10 November 2020.
- 4.8. JW welcomed the report, noting that it was positive and well balanced. In terms of the recommendations they have been accepted and he was content.
- 4.9. DW noted the report was strong, well-written and acknowledged the work of the team.
- 4.10. The Committee noted the Audit Scotland 2019-20 Annual Report and formally recommended that the Accountable Officer sign the Annual Report and Accounts.

Action	NB	To update Appendix B: Letter of Representation (ISA 580), Paragraphs 5 and 21.
Action	Decision Point	The Audit and Assurance Committee recommended that the Accountable Officer sign the Annual Report and Accounts.

5. Updated Audit and Assurance Committee Annual Report

- 5.1. The Chair provided the narrative for the updated Audit and Assurance Committee Annual Report and noted the key points as outlined in the cover paper.
- 5.2. The Chair invited members to approve the final report.
- 5.3. Members approved the Audit and Assurance Committee Annual Report subject to minor typos and presentational points to be provided by JB. The report will now be passed to the Accountable Officer and the Executive Advisory Body to support the governance statement included in the organisation's annual report and accounts.

Action	Decision Point	The Audit and Assurance Committee approved the final report.
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6. Any Other Business

- 6.1. Thanks were expressed to Social Security Scotland colleagues, Internal Audit and Audit Scotland for the work completed for today's meeting.
- 6.2. No other business was recorded.

Date of next Meeting – 10 November 2020