

QUALITY MEAT SCOTLAND

Minutes of the Audit and Risk Management Committee Meeting
8th March 2023, 1.30pm – 4pm
Microsoft Teams

Present:

Ann Irvine - Chair
Gordon Wallace
Niall Jeffrey

Minutes:

Kirsty McCormack

Apologies:

Pete Brown

In attendance:

Andrew McCulloch
Debbie Phillips (QMS)
Jennifer Grant (Audit Scotland)
Maggie Bruce (Audit Scotland)
Paul Byrne (Accountant)
Sarah Millar (QMS)

1.	Welcome & Apologies	ACTION
	<p>Ann Irvine welcomed everyone to the meeting and introduced Maggie Bruce and Jennifer Grant who were QMS's new external audit team from Audit Scotland.</p> <p>Andrew McCulloch was in attendance representing ttaa, on behalf of Martin Ritchie.</p> <p>There were apologies from Pete Brown.</p>	
2.	Additions to the agenda	
	<p>There were no additions to the agenda.</p>	
3.	Declaration of interests in any agenda item	
	<p>There were no declarations of interests in any agenda item.</p>	
4.	Approve Minutes of meeting on the 7 th November 2022	
	<p>The committee approved the minutes as an accurate record of the meeting.</p>	

5.	Update of Action Points from previous meeting	
	<p>The committee reviewed the actions page and the following updates were given:</p> <p><u>Actions from 9th March Meeting</u> Sarah Millar advised that there is a new Food and Agriculture task force and one of the objectives from this will be to produce a code of conduct for all organisations to have and to follow.</p> <p><u>Actions from 28th June Meeting</u> No. 3 – Debbie Phillips advised that she had not received a response yet from Scottish Government however she will work with the new external audit team to confirm what we need to report regarding IFRS 16 Leases.</p> <p>Maggie Bruce agreed to look into why this was a specific action and liaise with Debbie.</p>	Debbie/ Maggie
6.	Internal Audit	
6a.	Audit Report – Consumer Assurance	
	<p>Andrew McCulloch presented the report on the Consumer Assurance audit which took place in February 2023.</p> <p>Andrew advised that the overall assessment score given was substantial assurance which is the highest assurance. No recommendations were made. One operational effectiveness matters (OEM) were identified in relation to income reporting. The action given for this was for continued discussions with FIA be progressed to ensure income administration reports received are accurate to ensure a more efficient membership income management process. Andrew confirmed that QMS have since set up template reports to review with FIA to ensure accuracy in reporting against bank statements.</p> <p>Ann Irvine and the committee thanked Debbie Phillips and her team for the work put in to receive an excellent report.</p>	
6b.	Audit Report – Follow Up Review	
	<p>Andrew McCulloch presented the report from the follow up review which took place in February 2023. The follow up review covered the following two audits which took place in 2021/ 2022:</p> <ul style="list-style-type: none"> ▪ Core Financial Controls (Creditor Payments and Corporate Credit Cards) ▪ HR Recruitment and Retention <p>Andrew highlighted that from when the audits took place, one recommendation were given to each audit and both had been implemented and appropriately evidenced.</p>	

6c.	Update on outstanding actions	
	Andrew advised that there were no outstanding actions to report.	
6d.	Internal Audit Annual Report 22/ 23	
	<p>Andrew McCulloch presented the Annual Report for 22/ 23 and highlighted the positive comments under the Head of Internal Audits Annual Opinion.</p> <p>The report detailed the work that was carried out for both audits in the 22/ 23 financial year and the finding which he stated were consistently positive.</p>	
6e.	Internal Audit plan proposal for 23/24	
	<p>Andrew McCulloch presented the internal audit plan for 2023/ 2024 which confirmed that the following areas would be audited this coming year:</p> <ul style="list-style-type: none"> ▪ Procurement in quarter 1 ▪ Market Intelligence in quarter 3 <p>The committee approved the two audits.</p> <p>Ann Irvine will update the Board at the April Board meeting.</p>	
7.	External Audit	
7a.	Finalise External Audit Plan for 2022/23 Financial Year	
	<p>Maggie Bruce presented the External Audit Plan for 2022/ 2023 and highlighted the following key areas:</p> <ul style="list-style-type: none"> ▪ Exhibit 1 - 2022/23 Materiality levels for Quality Meat Scotland This details: <ul style="list-style-type: none"> - Planning materiality is set at 2% of gross expenditure which equates to £135k - Performance materiality is set at 75% which equates to £100k and means If the aggregate of errors identified during the financial statements audit exceeds this amount, further audit procedures should be considered. - Reporting threshold is set at £7k which means anything over this will be reported to those charged with governance ▪ Exhibit 2 – 2022/ 23 Significant risks of material misstatement to the financial statements This is risks that have been identified although are standard risks in audit of accounts: <ul style="list-style-type: none"> - Risk of material misstatement due to fraud caused by the management override of controls ▪ Exhibit 3 – 2022/23 Audit outputs This details the audit output with the target date of when it will be completed and when it will be presented to the committee. 	

	<ul style="list-style-type: none"> Exhibit 4 - Proposed annual report and accounts timetable This details the different stages and their proposed completed date which is 25th July. <p>Maggie highlighted paragraph 11 and asked the committee to confirm that they are not aware of any fraud or suspected fraud. The committee agreed that they were not aware of any fraud or suspected fraud.</p>	
8.	Review of Risk Register	
	<p>The committee reviewed the risk register and agreed for Debbie Phillips to make the following changes:</p> <p><u>Industry Risks</u></p> <ul style="list-style-type: none"> 1.2 – Accept comments and include action into further action required 1.3 – Accept comments and add into evidenced by 2.1 – Accept comments and add in. 2.3 – Change the wording – Speak with Sarah to agree words 2.7 – change accepted. 4 Regulatory Heading – Copy info from risk 2.3 5 Health heading – Copy info from organisational 5 Health <p><u>Organisational Risks</u></p> <ul style="list-style-type: none"> 2.9 – In progress, no changes 3.4b – Put to low risk 3.4c – Remove 3.5 - Will review at next meeting when more info have come from Scottish government and Board mtngs <p>Ann Irvine will update the Board at the April Board meeting.</p>	<p>Debbie</p> <p>Ann</p>
9.	Review Scheme of Delegation	
	<p>The committee reviewed the Scheme of Delegation and agreed the following changes/ actions:</p> <ul style="list-style-type: none"> 2.1 – add in links to the following documents: Quality Meat Scotland Order 2008, Management Statement and Financial Memorandum 2.3 – Add in text to state that the Chair can be reappointed for a 2nd term. 	Debbie

	<ul style="list-style-type: none"> 2.4 – Change so that it reference 3.2 instead of 3.5.2 2.7 – add in a link to the QMS Ethical Standards Policy <p>Appendix 2</p> <ul style="list-style-type: none"> Debbie Phillips to update the cycle of standards agenda items so that it states June/ July meeting instead of just June. Debbie Phillips to look into the statement under the heading general regarding reviewing any tendering process. Clarify if this is true or something that should be removed from the terms of reference. <p>The committee approved the Scheme of Delegation,</p> <p>Ann Irvine will take this to the April Board meeting for approval.</p>	Ann
10.	Review list of QMS Policies and Procedures	
	<p>Debbie Phillips presented the current list of policies and procedures and asked the committee if there were any policies or procedures that they feel should be added.</p> <p>There were no additional policies or procedures required.</p> <p>Ann Irvine thanked Debbie and Kirsty McCormack for their work on updating this list and updating all policies and procedures.</p>	
11.	Annual Summary of FOI Requests	
	<p>Debbie Phillips presented the report which confirmed that there were 10 FOI requests received in 2022.</p> <p>Ann Irvine will update the Board at the April Board meeting.</p>	Ann
12.	Review 2022 Health and Safety Activity	
	<p>Debbie Philips presented the report on the Health & Safety activity in 2022 which advised that there was no first aid treatment, accidents or near misses recorded and that all staff had completed online training courses on Manual Handling and Display Screen Equipment.</p> <p>Ann Irvine will update the Board at the April Board meeting.</p>	Ann
13.	Annual GDPR Report	
	<p>Debbie Phillips informed the committee that there were no GDPR or breach incidents during 2022.</p> <p>Ann Irvine will update the Board at the April Board meeting.</p>	Ann

14.	Any other business	
	<p>Debbie Phillips highlighted that Kirsty McCormack will issue the committee with an Audit and Risk Management Committee Effectiveness Self-Evaluation Questionnaire and asked for them to complete. Results will be reviewed at the next meeting.</p> <p>There was no other business raised.</p>	<p>Kirsty</p> <p>ALL</p>
15.	Dates of Next Meetings	
	<ul style="list-style-type: none"> ▪ Monday 24th July 2023 at 9.30am over MS Teams ▪ Wednesday 18th October 2023 at 1.30pm over MS Teams 	