

# Audit & Risk Management Committee

## Minutes from Meeting on Wednesday 9<sup>th</sup> March

### QUALITY MEAT SCOTLAND

Minutes of the Audit and Risk Management Committee Meeting  
9<sup>th</sup> March 1.30pm – 4pm

**Present:**

Ann Irvine - Chair  
Charles Milne  
George Milne

**In attendance:**

Alan Clarke (QMS)  
Clark Midgley (Audit Scotland)  
Debbie Phillips (QMS)  
Martin Ritchie (ttaa)  
Peter Lindsay (Audit Scotland)  
Sarah Millar (QMS)

**Apologies**

Gordon Wallace

**Minutes:**

Kirsty McCormack

**Guest:**

Stuart Beattie (Consilium – IT provider)

1.	Welcome & Apologies	ACTION
	<p>Ann Irvine welcomed everyone to the meeting which was Chief Executive Designate Sarah Millar's first Audit &amp; Risk Management Committee meeting. There was one apology from Gordon Wallace.</p> <p>With Peter Lindsay and Clark Mudley from Audit Scotland present, Charles Milne introduced himself as this was his first meeting with external auditors present.</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.	QMS IT Security from Consilium (IT Provider)	
	<p>Stuart Beattie from Consilium who are QMS'S IT support, presented to the committee an overview of the security protocols that are in place to keep QMS secure from cyber-attacks and any other forms of security breaches.</p> <p>It was agreed for Debbie Phillips to meet with Stuart to discuss what further steps can be taken to tighten security.</p> <p>Stuart concluded by stating that the (QMS) systems were very secure, more than other organisations.</p>	

<b>5.</b>	<b>Approve Minutes of meeting on the 20<sup>th</sup> October 2021</b>	
	The committee approved the minutes as an accurate record of the meeting.	
<b>6.</b>	<b>Update of Action Points from previous meeting</b>	
	<p>Debbie Phillips presented the paper with updates to the last meetings actions points. She asked the committee for approval on proposal for action 11. Scheme of delegation that a line be added to each committee's Terms of Reference that their TORs would be reviewed annually.</p> <p>The committee approved the proposal. Kirsty McCormack will update each committee's TOR to state this.</p>	<b>KM</b>
<b>7.</b>	<b>Internal Audit</b>	
<b>7a.</b>	<b>Audit report – HR Recruitment &amp; Retention</b>	
	<p>Martin Ritchie presented the report from the HR Recruitment &amp; Retention audit that took place in January. He advised that it was a very positive report and highlighted that there was 1 recommendation made with routine priority. The action is to update the policy and procedure review register to include an appropriate review schedule for the staff retention policy.</p> <p>Debbie Philips advised that since the report we have now updated the list of policies and procedures to include review dates.</p> <p>The committee thanked Martin, Debbie and the rest of her team for the outstanding work that was put in to getting the excellent result of the audit.</p>	
<b>7b.</b>	<b>Audit Report – Follow Up Review</b>	
	<p>Martin Ritchie presented the report from the follow up review which took place in January. The follow up review covered Risk Management which was audited in 20/21 and Staff Performance Reviews which was audited back in 2018/ 2019.</p> <p>Martin highlighted that the two recommendations made towards both audits had been implemented.</p>	
<b>7c.</b>	<b>Update on Outstanding Action Points</b>	
	There were no outstanding actions to review.	
<b>7d.</b>	<b>Internal Audit Annual Report 21/ 22</b>	
	<p>Martin Ritchie presented the Annual Report for 21/ 22 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 all audits in the 21/22 financial year and the finding which he stated were consistency positive.</p>	
<b>7e.</b>	<b>Internal Audit Plan Proposals for 22/ 23</b>	
	<p>Martin Ritchie presented the internal audit plan for 2022/ 2023 which the committee reviewed and agreed for the following changes to be made:</p> <ul style="list-style-type: none"> <li>▪ The GDPR audit should take place in early 22/23.</li> <li>▪ The Procurement audit should be moved to 23/24</li> </ul>	

	<ul style="list-style-type: none"> <li>▪ The Consumer Assurance Schemes audit should take place in the 1<sup>st</sup> quarter of 23/ 24</li> </ul> <p>With the move of two audits for 22/23 it was agreed for Alan Clarke and Sarah Millar to speak with the Executive Team to propose a replacement audit and Ann Irvine will take this to the board for approval.</p> <p>Debbie Phillips is to liaise with Martin to confirm a new audit plan.</p>	<b>AC/ SM</b>  <b>AI</b>  <b>DP</b>
<b>8.</b>	<b>External Audit- Finalise External Audit Plan for 21/ 22 Financial Year</b>	
	<p>Peter Lindsay presented the External Audit Plan for 2021/ 202 and highlighted the following key areas:</p> <ul style="list-style-type: none"> <li>▪ Exhibit 1 - 2021/22 Materiality levels for Quality Meat Scotland This details: <ul style="list-style-type: none"> <li>- Planning materiality is set at 2% of gross expenditure which equates to £153k</li> <li>- Performance materiality is set at 75% which equates to £115k and means If the aggregate of errors identified during the financial statements audit exceeds this amount, further audit procedures should be considered.</li> <li>- Reporting threshold is set at £8k which means anything over this will be reported to those charged with governance</li> </ul> </li> <li>▪ Exhibit 2 - 2021/22 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"> <li>- Risk of material misstatement due to fraud caused by the management override of controls</li> <li>- Risk of material misstatement caused by fraud in revenue recognition</li> </ul> </li> <li>▪ Exhibit 3 – 2021/22 Audit dimension risks This is the wider Audit risks that have been identified which was financial sustainability. This is a standard risk that is in all audit plans.</li> <li>▪ Exhibit 4 – 2021/22 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 a committee.</li> <li>▪ Exhibit 5 - Proposed annual report and accounts timetable This details the different stages and their proposed completed date</li> </ul> <p>Debbie Phillips highlighted that this is Audit Scotland's last year of contract and the new provider is still to be confirmed.</p>	
<b>9.</b>	<b>How Board Members Best Contribute to The Risk Register</b>	
	<p>Ann Irvine highlighted that at the last committee meeting it was raised that there was a need for Board members to contribute more when Debbie Phillips sends out the risk register for comments before it then goes to the Executive Team and the Audit &amp; Risk Management Committee to review. The committee suggested a couple of ways in which the Board can easily take more ownership of the register and Ann took these suggestions to the Board. Ann advised that the overall majority felt that the following option would be best going forward: Audit &amp; Risk Committee to advise key risks to be highlighted at each Board meeting for discussion which will be brought back to Audit &amp; Risk meetings.</p>	

<b>10.</b>	<b>Review of Risk Register</b>	
	<p>The committee reviewed and agreed the proposed changes to the risk register with a few additional changes that Debbie Phillips will make before Ann Irvine updates the Board at the April meeting.</p>	<p><b>DP</b></p> <p><b>AI</b></p>
<b>11.</b>	<b>Review of Scheme of Delegation</b>	
	<p>The committee reviewed the Scheme of Delegation and agreed that as a reminder to Board members, it should be sent out with a covering email from QMS's Chair asking for them to sign the document to confirm that they have read and accept. Kirsty McCormack is to organise this.</p> <p>The committee approved the Scheme of Delegation, with the extra line to be added to each committees TOR re the TOR be reviewed annually.</p> <p>This will go to the April Board meeting for approval.</p>	<p><b>KM</b></p>
<b>12.</b>	<b>Review List of QMS Policies &amp; Procedures</b>	
	<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>Debbie is continuing to work on completing last review dates and due dates on the P&amp;P register.</p>	
<b>13.</b>	<b>Annual Summary of FOI Requests</b>	
	<p>Debbie Phillips presented the report which confirmed that there were 6 FOI requests received in 2021.</p> <p>The committee discussed and agreed that going forward, the report should record financial years activity rather than calendar year and should detail that a response was given within the set deadline.</p> <p>Ann Irvine will update the Board at the April Board meeting</p>	<p><b>DP</b></p> <p><b>AI</b></p>
<b>14.</b>	<b>Review 2021 Health &amp; Safety Activity</b>	
	<p>Debbie Philips presented the report on the Health &amp; Safety activity in 2021 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>The committee discussed and agreed that going forward, the report should record financial years activity rather than calendar year.</p> <p>It was agreed that Debbie should look into how the report could include verbal abuse that staff and Board receive, researching what other similar organisations do. Also to look at the possibility of having Health &amp; Safety as the additional audit for 22/ 23.</p>	<p><b>DP</b></p> <p><b>DP</b></p>
<b>15.</b>	<b>GDPR Report</b>	
	<p>Debbie Phillips informed the committee that there were no GDPR or breach incidents during 2021.</p>	

	Ann Irvine will update the Board at the April Board meeting.	<b>AI</b>
<b>16.</b>	<b>Any other business</b>	
	<p>Debbie 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.</p> <p>Ann Irvine highlighted that she had recently attended an online Effective Audit &amp; Risk training course and expressed how positive it was. She advised that there were a wide range of attendee's who were chairs and members of committees, mostly from government bodies in Scotland and Northern Ireland. She recommended that it would be a good course for other members of the committee to go on if they are interested.</p> <p>Kirsty McCormack agreed to share with the committee, the agenda and slides from the training course and asked for Board members to let Kirsty know if they would like to go on the course.</p> <p>As this was George Milnes last Audit &amp; Risk Management committee meeting, Ann and the committee thanked George for all of his work, being a member of the committee.</p> <p>Ann Irvine will update the Board at the April Board meeting.</p>	<p><b>KM</b></p> <p><b>KM</b></p> <p><b>AI</b></p>
<b>17.</b>	<b>Dates of Next Meetings</b>	
	<p>Tuesday 28<sup>th</sup> June at 1.30pm</p> <p>Wednesday 19<sup>th</sup> October 2022 at 1.30pm</p>	