

GROUP AUDIT COMMITTEE

**MINUTE OF MEETING – 8 February 2023 at 10.30am,
8 New Mart Road, Edinburgh**

Present: Caroline Gardner (Chair), Bernadette Hewitt, Derek Treanor and Alison McLaughlin.

In attendance: Steven Henderson (Group Chief Executive), Anthony Allison (Group Director of Governance and Business Solutions), Pauline Turnock (Group Director of Finance), Ranald Brown (Director of Assurance), Duncan Black (Head of Audit and Inspection-Glasgow City Council – item 7 only) and Jillian Campbell (Senior Audit Manager, Glasgow City Council – item 7 only)

1. Apologies for Absence

Apologies were received from Fiona Burden.

2. Declarations of Interest

The Committee noted the register of interests for Derek Treanor as a new Committee member.

3. Minute of previous Audit Committee meeting and matters arising

Decided: The Committee approved the minute of 8 February 2023

4. Risk Management update

The Committee was updated on the proposed updates to the risk register, in particular the specific risk in relation to damp and mould. The Committee was updated on the associated mitigations for the risks outwith our risk appetite. The Committee discussed the mitigation and that those outwith risk appetite related to risks where external factors limit our ability to mitigate them. It was noted that risks outwith risk appetite have been subject to more regular and detailed Board and Committee updates, such as fire and cyber security.

The Committee discussed the planned approach to Board risk workshops and agreed the frequency of risk reporting be reviewed thereafter.

The Committee discussed the horizon scanning and agreed it should continue to evolve including, where appropriate, greater detail and a wider range of background context.

Decided: The Committee:

- 1) Noted the contents of the report;**
- 2) Recommended the proposed changes to the Strategic Risk Register for approval by the Group Board; and**
- 3) Approved the proposed approach to Board risk workshops for 2023.**

5. External Audit update

The Committee was updated on the outcome of the procurement exercise for an external auditor and the audit delivery context which impacted the appetite of prospective auditors.

The Committee discussed the market context and the implications it had on the outcome of the procurement process. The key drivers for pricing, in particular the minimum pricing based on the number of legal entities, was set out in further detail. The potential increase in year three was discussed and the Committee discussed the need for us to be rigorous in assessing any request for an uplift.

Decided: The Committee approved the award of the External Audit appointment to KPMG and to recommend to the Group Board the award of the contract.

6. [redacted]

7. Group Assurance Update

The Committee was updated on the findings of the reviews undertaken since the previous meeting. A more detailed update was provided on the range of improvements underway in relation to our repairs service as agreed with Boards and how they will subsume existing follow-up actions. The Committee agreed that the follow-ups should now be considered part of the wider improvements underway.

The Committee discussed the findings in relation to digital maturity and emphasised the need for it to continue to not be process driven.

[redacted]

Decided: The Committee noted the contents of the report.

8. Rolling Internal Audit Plan

The proposed reviews and compliance activity for the next period were set out, including further detail on how we prioritise the areas of compliance for consideration.

The Committee agreed that compliance reviews remained a priority and discussed the consideration of disaster recovery as a future area of focus for the wider plan.

Decided: The Committee approved:

- 1) The rolling internal audit plan, and the proposed reviews for the next period; and**
- 2) The proposed approach to compliance mapping.**

9. Committee Arrangements Report

The Committee was updated on the results of the Internal Audit team's External Quality Assessment ("EQA") and the proposed arrangements for the Committee's annual self-assessment.

The Committee welcomed the positive result of the EQA and agreed the self assessment approach, recognising that the results would reflect the short nature of some members' tenure.

Decided: The Committee noted the contents of the report and approved the proposed approach for the 2023 GAC self-assessment.

10. [redacted]

11. AOCB

There was no other competent business.

Signature: **Date:**
Chair