



RISK AND ASSURANCE COMMITTEE
COMATAIDH CHUNNART AGUS SGRÙDAIDH

**MINUTE OF THE HIE RISK AND ASSURANCE COMMITTEE MEETING HELD ON TUESDAY 04 JUNE 2019
AT AN LÒCHRAN, INVERNESS CAMPUS**

PRESENT: Alistair Dodds (Chair)
Angus Campbell
Donald MacRae
Belinda Oldfield

IN ATTENDANCE:

Carroll Buxton	Interim Chief Executive
Nick Kenton	Executive Director of Finance and Corporate Services
Sandra Dunbar	Director of Business Improvement and Internal Audit
Gordon Smail	Audit Director, Audit Scotland
Maggie Bruce	Senior Audit Manager, Audit Scotland
Jill Rosie	Enterprise Sponsorship Manager, Scottish Government
Adrian Kitson	Head of Executive Support
David Oxley	Executive Director of Business Growth, Item 2.1
Douglas Cowan	Executive Director of Communities and Place, Items 2.2 and 3.8
Andrew Jenkins	Head of Financial Services, Items, Items 3.1 to 3.11
Louise MacMillan	Compliance and Risk Manager, Items 3.1 to 3.11
Fiona Sarjeant	European Compliance Manager, Items 3.1 to 3.11
Janie Sheridan	Head of Business Transformation, Item 4.3
Keiron Scott	Information Systems Strategy Manager, Item 4.3
Ian Considine	Head of Procurement, Item 4.6 and 4.6a

1 STANDING ITEMS
CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting. There were no apologies received.

1.2 Declarations of interest

There were no declarations of interest concerning any of the items on the agenda for this meeting.

1.3 Minute of Risk and Assurance Committee meeting held on 05 March 2019

The minute was approved subject to minor amendments.

Page 1, 1.2 Declarations of interest, second sentence change Belinda considered to Belinda advised.

Page 9, 4.3 Risk Register, last sentence amended to “development day should include a review of the risk process”.

- Page 2 - In relation to HIE Pension Scheme this should be changed to “Needs to be considered within current budget”.

Page 4 – Amend to read that “the Chair welcomed”

1.4 Matters arising from HIE Board meeting held on 30 April 2019

There were no matters arising from the HIE Board meeting held on 30 April 2019.

1.5 Matters arising

The Executive Director of Finance and Corporate Services noted 3 issues:

1. Solution re the sale of the Centre for Health Science to UHI re the loss of rental.
2. Cairngorm and Cairngorm Mountain (Scotland) Ltd in relation to the operating loss, progressing the business case, and authorised overspend – addressed on the agenda.
3. VAT, overspend circa £4.5m, HIE looking to contain impact and maintaining close contact with Scottish Government.

The VAT liability is uncertain but is likely to be backdated 4 years with HMRC taking a strong position. HIE was taking a pragmatic approach to confirming the figure with the aim of having this by September 2019 with a backstop of March 2020. Provision was being made in the 2019/20 annual accounts.

[Sentence removed in the interests of the effective conduct of public affairs.] This is to be checked with Ernst and Young with the decision resting with the Executive Director of Finance and Corporate Services. The Committee are to be informed of the view in relation to the HMRC complaints process and whether to raise a complaint or not.

It was agreed that an Action Grid would be produced following each Risk and Assurance Committee meeting summarising the identified actions and action owner from items discussed at the meeting.

2 CURRENT ISSUES **CÙISEAN LÀITHEIL**

2.1 Spaceport

David Oxley joined the meeting.

The Interim Chief Executive updated the Committee on HIE’s work with two launchers which is challenging and has led to changes in the design and scope of the project. It was noted that the lease option is progressing with the aim of having this completed by Friday 7th June.

The Executive Director of Business Growth provided an update on the current position with the project noting that this has been a risky project from the start with planning approval and the Land Court remaining as risks. A huge amount of work has been put into the governance arrangements for the project to address the Internal Audit and Gateway Review findings with additional resource provided. David Howie, Regional Head of Technology and Innovation has been appointed to provide senior project management experience and this has led to the identification of many issues. A technical advisory group has been set-up which has proved very useful with input from industry experts.

A second Gateway Review has been undertaken with the risk rating moving from Amber/Red to Amber. This is as a result of the revised governance steps being introduced. However it is recognised that there are still significant issues to address and this remains a high risk and complex project.

[Paragraph removed owing to commercial sensitivity.]

The Interim Chief Executive concluded by reaffirming that this is a novel project and one which has not been done before in the United Kingdom. *[Sentence removed owing to commercial sensitivity.]* The improvements identified in the second Gateway Review are positive and the HIE Board sub-group are updated weekly.

The Scottish Government confirmed that they were aligned with HIE with regards all of the challenges and welcomed the speed with which HIE had reacted to the Review.

The Committee discussed this in detail noting the ongoing discussions with Scottish Government and the support from them. They highlighted that HIE need to be clear about this project being a National Infrastructure project with clarity in relation to scale and who is responsible and noting concern with regards abortive spend. The Committee welcomed the second Gateway Review which was helpful and were reassured by the improvements, (a copy of the report to be circulated to members). It was agreed that a Memorandum of Understanding (MOU) around stakeholders would be useful for clarity in terms of each stakeholder's roles and responsibilities.

The Committee were also updated on the proposed amendments to the payments schedule which allows the drawdown of funding from the UKSA on a milestones basis. Revised proposals have been put to UKSA and HIE is currently awaiting feedback.

There is a need to consider the options going forward and to begin to clarify the issues so that these can be built into the business case that is expected in December 2019 and which needs to be clear about accountability in relation to spend.

The Committee thanked the project team for the detailed updates provided to the committee, the Board and sub-groups.

David Oxley left the meeting.

2.2 Cairngorm

Douglas Cowan joined the meeting for this item and item 3.8.

The Director of Business Improvement and Internal Audit provided an update to the Committee on the current activity in relation to Cairngorm Mountain and drew their attention to a paper providing clarity on the governance arrangements.

To support effective governance and establish clear roles and responsibilities during the period of secondment, terms of reference and governance protocols were put in place between Highlands and Islands Enterprise (HIE), Cairngorm Mountain (Scotland) Limited (CMSL) and Susan Smith (Interim Chief Executive CMSL). In addition, a delegated authority arrangement has been put in place between the CMSL board and Susan Smith as Interim Chief Executive. These delegated authorities do not supersede the HIE reserved matters.

HIE has been working with CMSL and has approved funding of £175k for a summer offering. There are options around the Funicular Railway with a likely recommendation to move to repair which will need a business case to be prepared and will also require Scottish Government approval and funding. HIE is also ambitious for what else is required on the Mountain to maximise benefits, with an addendum to the original

SE report highlighting that the Funicular is key to the future of the Mountain and with the need for increased strategic vision including all stakeholders.

The Scottish Government is currently undertaking a review in relation to the HIE activity relating to Cairngorm Mountain with a focus on the period 2014-2018. The information provided by HIE is being shared with both Scottish Government and Audit Scotland. A meeting is scheduled for 11th June 2019 where the initial findings from the review will be shared. The pursuit of the Guarantees remains ongoing and all Health and Safety legacy issues have been dealt with.

The Interim Chief Executive underlined that HIE welcomed the Scottish Government review and also the Section 22 and 23 reviews to be undertaken by Audit Scotland.

Audit Scotland updated that the additional reporting would respond to queries raised by MSPs. There will be the normal annual audit report with an additional Section 22 report and a later Section 23 report. The issues covered by the Section 22 report could include areas such as financial management or governance. A Section 23 report is a much more detailed and in depth assessment of the various issues.

The Committee were keen to understand how this sits with previous reports that have been undertaken and Audit Scotland confirmed that it would provide the whole picture back to 2009 when the previous report was undertaken and would cover areas such as challenges, what was working or not working and community engagement with a key point being the CML handover in 2014. It would be based on what was known at the time of any decisions made.

The Committee raised concern around HIE's ability to service the high volume of enquiries that were being received. The interim Chief Executive outlined that there were a number of areas which are all active and required resourcing including operational, legacy and FOI and confirmed that this was being reviewed with a view to better resourcing the team.

The Chair of the Committee noted that the Cairngorm Business Case was to be circulated to the Board for endorsement and would include an estimate of the financial implications for the remainder of the financial year.

The Committee noted that they were happy with the progress being made and welcomed the two Audit Scotland reports which would provide a balanced and objective review. Cairngorm will continue to be reported at future Committee meetings and the regular weekly sub-group meetings. The Committee expressed their thanks to the HIE staff dealing with this and the work of the CMSL Board and CMSL Interim Chief Executive.

2.3 Audit Scotland Strategic Board Review

The Audit Director, Audit Scotland provided a brief update on the Enterprise and Skills Review highlighting that this was a short paper with the key focus on Governance and Performance monitoring. This is a complex area with significant changes involving the alignment of strategic objectives of all enterprise related organisations.

The Committee noted the paper and the need to recognise that the agencies also continue to have individual roles and responsibilities.

3 ACCOUNTS RELATED GNOTHACHEAN CUNNTAIS

Andrew Jenkins, Louise MacMillan and Fiona Sarjeant joined the meeting.

3.1 Annual accounts update

The Head of Financial Services provided an update outlining that the target date of 14th June 2019 for having a draft set of accounts prepared had slipped by approximately 3 to 4 days with further work required on the narrative, with a revised timetable for providing this to Scottish Government set for 10th June 2019. There have been competing priorities for senior staff with regards to the input of information and a lack of temporary staff to assist with the process.

Audit Scotland confirmed the timetable was challenging for staff but that the need for additional resource for the finance team was noted in previous Audit Scotland annual reports.

The Committee noted the paper highlighting that a longer term solution to resourcing was required and requesting that a report on resource requirements be provided to the next Committee meeting. This should include the consideration of “grow your own” and bringing people in at graduate level.

3.2 Business Improvement and Internal Audit Annual Report 2018/19

The Director of Business Improvement and Internal Audit (BIIA) presented a report summarising the activities of the BIIA Team during the 12 month period to 31 March 2019. During this period, the BIIA team have delivered 51 outputs by way of assurance reports issued (13 remain in draft). A significant number of other outputs have been delivered by presentation, papers, workshops or activity that has otherwise contributed significantly to business improvement or assurance related activity. Of the 51 outputs recorded, 13 were provided by external consultants. Of the 38 outputs delivered by BIIA 36 of these (95%) were issued within the target of 20 working days.

One area of assurance activity had not commenced in the year. Procurement activity, and in particular consultancy procurement, was noted in the assurance plan. Whilst procurement activity did form part of several reviews in year, it was not the subject of a specific review. This will be considered in planning for 2019/20.

Ernst and Young have completed the first review of cyber security and this will be provided to the August Risk and Assurance Committee meeting.

In March 2019 as part of the “Refreshing our Approach” programme commenced by the HIE Chief Executive, several changes were announced that impact on the BIIA team. Recruitment has now commenced for a new Business Improvement Manager and there was the opportunity to consider the recommendations from the Saffery Champness review on how the team is structured and roles going forward.

The Committee welcomed the update and asked if the actions detailed in the reports were completed within the timescales. This was confirmed, and a summary report will be provided to the next meeting. The Committee also requested that a short report on the changes and structure diagram for the BIIA team be provided for the next meeting.

3.3 European Compliance

The Director of Business Improvement and Internal Audit and the European Compliance Manager provided a short update to the Committee on EU Compliance activity. There is an extra audit scrutiny with EU funding particularly around evidence for outputs delivered and participant records. In addition, the work required for production of ERDF claims to the relevant programme Managing Authority is very labour intensive. Additional funding compliance is in place to ensure comfort to the Committee re EU scrutiny and complexity.

The EU compliance role undertaken by BIIA covers 1) Early engagement with project officers regarding project eligibility for the relevant EU programme, project management, State aid, procurement, set-up on HIE systems and evidence requirements. This is undertaken as part of the EU Technical Eligibility Group (EUTEG); 2) Assurance reviews on projects prior to EU claims being submitted. Samples can be up to 100%

depending on the risk of non-compliance; 3) Reviews of procurement audit trails and provision of documentation for external audit; 4) Engaging external First Level Control (FLC) auditors for Interreg projects; 5) Liaison with external FLC auditors; 6) Undertaking internal FLC and other audits where necessary; 7) Provision of guidance and advice on all compliance matters for EU funded projects and 8) Working with EU Funding manager on updates to internal EU project guidance e.g. Yammer group for EU project managers

The Committee noted the detailed assurance provided on ERDF projects and that HIE sometimes takes the lead role for other bodies and sought clarity on where the decision rests for this. It was confirmed that the principle for this is at management authority level (Scottish Government).

3.4 State Aid Activity

The Director of Business Improvement and Internal Audit (BIIA) presented a paper summarising activity undertaken by HIE's State Aid staff in BIIA for the financial year 2018 - 2019. The work over this period has focussed on 1) Reactive advice responding to day-to-day enquiries; 2) Proactive support in handling State aid assessment of complex cases; 3) Education and awareness activities on State aid including new tools; 4) Roll out of the State Aid Guidance and Communications Improvement Plan and 5) State aid annual reporting.

The aim of the team is building the knowledge and capability of staff through training and access to self-service guidance and tools. The target is to be able to devote 80% of HIE's State aid expertise to high risk, complex cases and 20% to routine day-to-day enquiries. The queries are generally to confirm the presence of State aid or not, or to help with interpretation of specific Articles and eligibility criteria.

The team has also delivered a variety of general education and awareness raising events including webinars, face to face sessions and training and information sessions.

State aid staff attended a briefing session by the Competition and Markets Authority (CMA) for Scottish public bodies in March 2019. Options post-Brexit are still under review by the UK and Scottish governments.

The Committee welcomed the update noting that it was reassuring to see the training and information sessions that had been undertaken during the year, clearly understanding the need to ensure standards apply across, and to all, HIE staff.

3.5 BIIA report – Certificates of Assurance 2018/19

The Director of Business Improvement and Internal Audit (BIIA) presented a paper on the Certificates of Assurance process for 2018/19. The objective is to confirm internal controls across HIE have been working as intended in year and to note any areas of weakness or with scope for improvement. The results will be used to inform completion of the internal control checklist and certificate of assurance that the Accountable Officer requires to provide to the Sponsor Team.

Audit Scotland noted no significant control weaknesses from their work in year. Planned activity for 2018/19 has, however, identified a number of key risk areas for consideration. The overall opinion was one of reasonable assurance and was based on the summary findings.

The Committee noted the bottom-up approach taken to gain the level of assurance noting that any post balance sheet issues would be included in the commentary in the annual accounts.

3.6 Interim Assurance and Internal Control Checklist

The Director of Business Improvement and Internal Audit (BIIA) provided an update on the interim assurance statement and internal control checklist submitted to the Scottish Government. Attention was drawn to the following matters.

- **Cairngorm Mountain:**
 - Following the HIE Board decision to create an operating subsidiary, Cairngorm Mountain (Scotland) Ltd, there is an ongoing significant challenge for HIE to manage the implications of having a trading subsidiary operating in a high-risk environment, where final financial outturn is dependent on factors outwith HIE's control
 - Ongoing impact of issues with the funicular and potential cost of resolutions and staff resource input
- **Space activity** – Successful delivery of the UK's first Spaceport, in Sutherland, and realising the significant benefits for the region and for Scotland is significantly challenging and will require access to external expertise and involvement of external parties.
- **Budgetary capacity** – The significant number of projects and legacy commitments are putting a strain on HIE budget capacity

The Committee noted the paper.

3.7 Draft Governance Statement

The Director of Business Improvement and Internal Audit (BIIA) provided an update to the Committee on the draft governance statement for 2018-19 which has been provided to the Finance team for inclusion in the annual accounts. The final version will mention the Interim Chief Executive role, resource challenges and the Strategic Board.

The Committee noted that the amount of risk that HIE is dealing with is extremely high and should be recognised. Execution risk to HIE was also identified where it can be difficult to focus resource where required.

The Interim Chief Executive highlighted that it was positive that HIE is recognising risk, seeking support and raising awareness where required.

3.8 Health and Safety Committee – Assurance Report

The Executive Director of Communities and Place in his role of Chair of the Health and Safety (H&S) Committee provided a brief overview of the role and activities of the Committee. During 2018/19, the Committee met 4 times and also undertook Dignity at Work training. Standing items at each meeting include Communications, Management Information Report, Improvement Plan, Risk Management / Risk Schedule review and Wave Energy Scotland. Additional items included lone working risk assessment, fire risk assessments and management procedures, business Travel / lone working and Cairngorm and other strategic assets.

The focus is on the internal workplace environment and the HIE property portfolio which includes Cairngorm and the Campus. Staff also have opportunities to raise any issues directly with committee members or via the staff forum.

The Chair of the H&S Committee confirmed that the controls have been, and are, working well. There were no significant matters arising which would require to be raised specifically in the assurance report.

The Committee asked if the H&S Committee was confident that all risks were being raised and if there was any update on lone working. The Chair of the H&S Committee confirmed that risks were being raised and that all areas of the business are covered. In relation to lone working, this review is ongoing with options being reviewed.

3.9 Information Security Fraud Governance Group (ISFGG) – Assurance Report

The Executive Director of Finance and Corporate Services provided an update on the report to the Accountable Officer on the internal control environment for Information Security and Fraud Governance matters for the year 2018/19.

HIE has signed up to a new one year fraud prevention partnership with NHS Scotland Counter Fraud Services (CFS). As part of the partnership, a number of awareness sessions or webinars are being provided to HIE staff. As well as providing specialist counter fraud services to the whole of NHS Scotland, CFS are also resourced and have the latest up to date knowledge to provide fraud prevention services to other public sector providers.

With the implementation of GDPR during May 2018, HIE has a legacy programme to review and delete / destroy old files. Key inroads have been made into reducing physical storage however electronic file storage remains an issue. Progress during the year was hampered due to vacancies and absences and the question of a Data Protection Officer is still to be resolved. This role is currently covered by the Executive Director of Finance and Corporate Services, but this is not appropriate since he is also the Senior Information Risk Owner (SIRO). During 2019/20 there will be more consideration of Cyber security arrangements.

The Committee asked if resource was an issue and assurance was provided that recruitment is underway for a Head of Information Governance.

3.10 Audit Scotland 2018/19 management report

The Audit Director, Audit Scotland presented the audit findings from the HIE Management Report 2018/19. The review covered the main financial systems, Wider Dimensions and Governance and Transparency.

Overall, the report found that the key controls in place within HIE's main financial systems were operating satisfactorily, with the exception of controls over access to HIE's ledger system. No issues arose from the interim substantive testing of expenditure. Early substantive testing of income transactions identified some issues with cut-off (allocation between financial years). In addition, the early substantive testing of staff costs identified an issue with the calculation of pension contributions.

In terms of Audit Scotland wider dimension audit work, the report concluded that HIE has taken reasonable steps to prepare for the UK's withdrawal from the European Union. Two areas were identified where HIE's governance and transparency arrangements could be improved. Prompt publication of approved minutes on the HIE website was noted as an issue as was the publication of up to date registers of interest. This will be addressed immediately.

The Committee thanked Audit Scotland for the review and noted the actions to be implemented.

3.11 Risk and Assurance Committee Annual Report

The Chair of the Committee and the Director of Business Improvement and Internal Audit provided a brief summary of the Risk and Assurance Committee Annual Report for 2018/19. The final report was to be updated to acknowledge the significant contribution made to the Committee by Ailsa Gray and Donald MacDonald.

The Chair noted his appreciation of all of the work that goes into these reports to provide assurance to the Committee.

Andrew Jenkins, Louise MacMillan and Fiona Sarjeant left the meeting.

4 PLANNED ACTIVITY GNÌOMHACHDAN PLANAICHTE

4.1 Pension Update

The Executive Director of Finance and Corporate Services presented a paper updating the Committee on the HIE Pension Scheme. The paper has three purposes, 1) To inform the Committee of estimated movements in the Technical Provisions Deficit relating to the HIE Pensions Scheme; 2) To inform the Committee of the HIE Pensions Trustees' views relating to the proposed sale of the Centre for Health Science 1 (CfHS1) to the University of the Highlands and Islands (UHI) and 3) To recommend a 'best endeavours' amendment to the extant Pensions Recovery Plan in the light of the above.

The Pension Recovery Plan was agreed with the Trustees in December 2018 and formed part of their submission to the Pension Regulator alongside the actuarial valuation as at April 2018. A valuation (based on a much simpler methodology) at April 2019 would appear to suggest the Scheme's deficit has increased by around £4.0m since April 2018 from £29.7m to £34.0m due largely to movements in bond markets. It was emphasised this is a proxy measure only. There is no statutory requirement to revisit the Recovery Plan on the basis of this potential change and no requirement to submit a revised Plan to the Regulator. Whilst the proposed sale of CfHS1 may not re-open the current plan, it could lead to a request for more cash from the Trustees. Legislation allows the Trustees to call for an actuarial valuation whenever circumstances warrant – they are not obliged to wait three years.

The Committee had previously indicated it wished to review the Recovery Plan in the light of an April 2019 valuation - essentially this was about revisiting the timing of the injections of cash (currently planned as £0.1m/£0.2m/£0.3m across 2019/20 to 2021/22). (It is important to recognise these are additional injections on top of the injection of £0.53m per year agreed as part of the previous valuation).

The overall 2019/20 Revenue Budget is over-committed by £2.5m (allowing for £0.63m towards the Scheme, comprising £0.53m agreed in the previous Recovery Plan and £0.1m in the 2019 Recovery Plan) and this depends on resolving the issues relating to VAT and Cairngorm without any further detrimental impact on the revenue position. It is not possible to predict what the impact on the Scheme deficit would be on bringing forward the payments planned for the next two financial years as there are many 'moving parts' and in fact many of them (e.g. interest rates, bond markets) would have far more of an impact than varying the payment profile. However, in view of the likely increase in deficit, combined with an inevitable weakening of the balance sheet if the Board agrees to the sale of CfHS1 it was recommended that HIE seeks to bring forward the payment increases planned over the next two years of the Recovery Plan insofar as the revenue position allows this. This is heavily dependent on the key risks around VAT and CMSL operating costs but Scottish Government (SG) appears to be supportive of these pressures. It is therefore recommended that this be a 'best endeavours' position at this stage but hopefully crystallise as the financial year progresses. The Committee should also note that a request has been made to SG to consider strengthening the wording of its guarantee in relation to the Scheme.

The Committee agreed to the immediate payment of £0.1m and the additional £0.2m if this is possible before the end of the year. This to be reported back to the Committee in December 2019 as part of a wider stock-take on pensions schemes and consideration given on the need for this to go to the Board.

4.2 External Review of Internal Audit - Draft Report

The Director of Business Improvement and Internal Audit (BIIA) updated the Committee on the draft report that had just been received from Saffery Champness on Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS). The report will be presented to the August Risk and Assurance Committee meeting with an action plan update for discussion. Eunice McAdam (Saffery Champness) will attend to present.

The Committee noted that it was good to see the report but that the next review should not stray over 5 years, with the process starting at three and a half years. It was also requested that when the report is presented, the internal and external audit resource is mapped against the audit plan for the year. The Committee also asked that the report author confirm specifically whether full compliance had been achieved.

4.3 Business Transformation Programme Update

Janie Sheridan and Keiron Scott joined the meeting.

The Head of Business Transformation and Information Systems Strategy Manager presented a paper to the Committee providing a recommended governance approach and structure which will complement HIE's existing strategic governance in relation to Business Transformation. It aims to simplify and streamline the approach ensuring that key decisions can be made quickly and with the right level of authority. It is recognised that implementation of these arrangements will take time and there will need to be a period of transition as these forums are established. Furthermore, the ways of working around these new arrangements will require to be established to ensure that these forums achieve the desired outcomes whilst not being overly cumbersome to service.

This structure builds on previous governance structures with the addition of:

1. An informed triage process for any project or proposal with a digital/technology element. This triage will include individuals from Information Governance, IS Strategy and Business transformation teams and will help to direct the proposal through the relevant process, including whether this should be a direct request to EIS.
2. A new IS strategy board. The amalgamation of IS governance has resulted in many of the strategic boards becoming involved in IS decisions and discussions, so it is proposed that a new board be created to address these elements. Service review components for distinct supplier management will be in place to support this. (Note that this Board is closely aligned to the Information, Security, Fraud and Governance group and may involve the same membership in which case, consideration will be given to how this is implemented).
3. The Target Operating Model (TOM) Programme Board is a new governance forum external to HIE, but it is anticipated that it will require substantial senior input from the HIE Leadership Team and other forums.
4. A more focussed and challenging remit for the Business Transformation Delivery Board.

The Committee asked who has the role of Chief Information Officer (CIO) and in particular, if there was a data breach, would this be the responsibility of EIS or HIE. The Executive Director of Finance and Corporate Services noted that the Chief Information Officer (Paul Clark) of EIS was designated with this role but that this will be followed-up with EIS and confirmed at the next Committee meeting.

The Committee thanked the Head of Business Transformation and Information Systems Strategy Manager for the paper noting that it did give assurance on governance arrangements and that there was scope to move at a faster pace with these.

Janie Sheridan and Keiron Scott left the meeting.

4.4 Risk Register

The Director of Business Improvement and Internal Audit (BIIA) provided a brief update highlighting the high level risks noting that at the centre was the ability of HIE to deal with the risks. Many of the risks highlighted have been discussed in depth and separately at the Committee.

The Committee noted that eight risks were scored at fifteen which is high and above average and requested that a session on risk / risk management be arranged either for a one day or two half-day sessions.

4.5 Customer Feedback Report 2018/19

The Director of Business Improvement and Internal Audit (BIIA) provided a brief update outlining that the paper presents an update to the Risk and Assurance Committee on areas of activity covering the twelve months from 1st April 2018 – 31st March 2019. The following areas are covered, 1) An overview of customer feedback, incorporating both compliments and complaints for both HIE and Wave Energy Scotland (WES); 2) An overview of requests received under the Freedom of Information (Scotland) Act and Environmental Information Regulations for both HIE and WES and 3) A high-level overview of next steps in terms of delivering the wider Customer Service agenda.

The Committee noted that with the interest in Space and Cairngorm, they liked the idea of a data room containing key documents and which is available to the public. The committee were also pleased to see that compliments received by HIE were included, noting the positive being acknowledged as well as the negative.

4.6 Procurement Annual Report 2018/19

Ian Considine joined the meeting.

The Head of Procurement presented the key points from the annual procurement report for 2018 – 2019. The key points noted were 1) The increase in contractual spend from £17.0m to £29.0m; 2) The introduction of a plan to reduce maverick spend and 3) The significant increase in the Procurement and Commercial Improvement Programme (PCIP) score.

The Committee welcomed the report and were pleased to see the increase in the PCIP score which was a great improvement and which reflected the work that the Procurement Team have undertaken over the last 3 years. The inclusion of specific measurable targets was also a significant step forward.

The Committee were also appreciative of the reduced percentage of Maverick spend, the development of sub-contractor spend and their guaranteed payment and the focus on community benefit.

Ian Considine left the meeting.

4.7 Committee Development Plan Programme

It was noted that as discussed during the meeting, development events outwith the committee days were to be organised.

4.8 HIE Chairman's Interests Spend Report

This report was noted by the Committee with one transaction noted as taking place outwith the prior approvals process. They asked that further work take place to draw out lessons learned on this

5 RESOURCES
GOIREASAN

5.1 Business Improvement and Internal Audit Annual Report 2018/19

This Item was covered under Item 3.2.

5.2 Scottish Government Gateway Review March 2019

This item was covered under Item 2.1 – Spaceport.

6 ITEMS FOR INFORMATION
CUSPAIREAN AIRSON FIOSRACHADH

6.1 Any other business

In line with normal protocol, the Committee requested to meet with Audit Scotland in advance of the next meeting. It was agreed that the Committee will meet with Audit Scotland at 11.00 am on the 13th August 2018 with the Committee meeting commencing at 11.30 am.

6.2 Date of next meeting

The next meeting of the Risk and Assurance Committee is 13 August 2019.

Adrian Kitson
Head of Executive Support
04 June 2019