

**DRAFT MINUTES OF THE SCOTTISH PRISON SERVICE RISK MONITORING AND AUDIT COMMITTEE (RMAC) MEETING HELD IN SPSC, DUMYAT, ON WEDNESDAY, 25 SEPTEMBER 2024**

**Present:** Ian Harley, RMAC Chair and Non-Executive Director  
Teresa Medhurst, Chief Executive, SPS  
Linda Pollock, Deputy Chief Executive, SPS  
Michael Beardmore, Head of Strategy Planning, SPS  
Lynne Clow, Non-Executive Director  
Rebecca Murray, Head of Improvement, SPS  
Gerry O'Donnell, Director of Finance, SPS  
Michael Oliphant, Audit Scotland  
Dougie Shepherd, Senior Internal Audit Manager, Scottish Government  
Lisa Taylor, Head of OCE Branch and Acting Head of Strategy and Planning, SPS  
Stephen Uphill, Non-Executive Director  
William Wilkie, Internal Audit Manager, Scottish Government  
Tommy Yule, Audit Scotland  
Lauren Banks, Internal Audit, Scottish Government  
Adam Jobson, Director of Organisational Development, SPS  
Sarah Angus, Director of Policy, SPS  
Michael Stoney, Director of Operations, SPS  
Alison Malone, Operational Auditor, SPS  
David Wilkie, Head of Estates & Technical Services, SPS

**Introduction and Welcome**

1. The Chair welcomed all present to the meeting.

**Declarations of Interest**

2. There were no new declarations of interest.

**Apologies for Absence**

3. There were no apologies for absence.

**Draft Minutes of the last RMAC Meeting Held on 31 July 24**

4. The draft minutes of the meeting held on 31 July 24 were agreed as a true record.

**Action Log following Last RMAC Meeting**

5. The Chair and members reviewed the Action Log and agreed the updates against each action.

**Action: Mrs Blackburn**

**External Audit Update (Verbal)**

6. Mr Yule advised members that their main area of work on the Audit for the Consolidations pack for Scottish Government has now been completed and that the pack was submitted on 31 August 2024 to both the Scottish Government and Scottish Government Auditors, which brings an end to the formal part of the 2023-24 audit for SPS. The Auditor General has confirmed that while SPS has continued to face considerable risks and challenges, he does not intend to prepare a statutory report on the 2023-24 audit of SPS. Members were advised that in response, the Public Audit Committee (PAC) has now written to the Criminal Justice Committee highlighting key issues identified in the report, drawing attention to the response from the Scottish Government to help inform the committee's work.

7. PAC has also written to Mr Rennick, the Director General, Education and Justice, requesting a progress report, to be provided by 31 March 2025. This specifically requests that the update covers the performance of the GEOAmev contract, progress in developing the new prisoner transport contract, progress against recommendations for GEOAmev to produce separate financial reports, a lessons learned review and an update on the prison population.

8. Members noted this update with thanks.

9. Mrs Medhurst advised members that she is pleased with the support provided from Audit Scotland and the considerations from the Auditor General.

#### **RMAC(SEP)01/24: Risk Management Progress Report**

10. This report provided an overview of the current position of the SPS Corporate Risk Register and details of work undertaken since the last RMAC meeting to support the operation of effective Risk Management processes across SPS.

11. The Corporate Risk Register was reviewed by EMG in July 2024, with follow up discussions and approvals at an August EMG and September Director's meeting. Six significant changes were noted from these meetings, including;

- 'Information, Data & Evidence' – This has now been added to the Corporate Risk Register as SPS 24/02.
- 'Complexity and Volume of Population' – following a decrease to reflect the Emergency Release Programme, this has now increased once more, due to the speed of increase of population.
- A decrease in score for 'HMP Addiewell' and 'SCCPES Contract'

12. There are three major planned risk management priorities for the remainder of the year:

- Developing a formal evidence base for each of the Corporate risks
- Creating improved guidance on appetite and tolerance
- Developing SPS's use of issue logs.

13. A significant piece of collaborative work with the Population Management Team over the last few months has been the development of tools for the assessment of establishment capacity, ensuring that processes, language and methodology are consistent with our risk approach and aligned to local and national risk registers.

14. Members noted this paper with thanks.

15. Members discussed the number of risks linked to the HR transformation project, and whether this was something that RMAC needs to consider. Mrs Medhurst advised currently the team are working on risks associated with the new payroll system, adding that the experiences gained working through this project should help inform any future risks or challenges faced with other work packages.

16. Mrs Medhurst noted that it would be beneficial to consider this as a Deep Dive discussion topic for Q1/ Q2 2025.

17. Members were made aware that risks associated with GEOAmev have reduced with an increase in overall delivery. It was noted that this was a result of recent recruitment, in addition to an approved pay offer and recalibrated contract which has provided GEOAmev with further assurances, enabling them to sustain their staffing levels.

#### **RMAC(SEP)02a/24: "In-Depth" Review of One Corporate Risk – HMP Glasgow**

18. This report provided an update on the HMP Glasgow project. This included Core Project structure, Governance, Project timelines and Principle risks.
19. The HMP Glasgow project has a full internal governance arrangement which includes: Commercial Group, Project Board, Oversight from the SPS Major Projects Management Group and Oversight from the SG – SPS Major Projects Board. The project is also subject to internal and external scrutiny where required.
20. During the first quarter of the financial year, work on the Pre-construction Services Agreement, comprising architectural and full design of HMP Glasgow moved through the design phases in line with programme. The masterplan was submitted to Glasgow City Council Planning in May and published on the planning portal website in June.
21. As SPS move through the conclusion of contract conditions and firm pricing, there is a significant focus on ensuring competitiveness, close management of financial risk, value for money and project timeline, prior to the Full Business Case (FBC) submission and Main Contract signature by end of calendar year.
22. Mr Stoney discussed the report highlighting key points and potential risks from the presentation.
23. Members noted this paper with thanks.
24. Members were made aware that HMP Glasgow will house a similar population size to HMP Barlinnie, however, will benefit from larger cells, with the addition of larger double cells, a care unit and flexible single cells that can function as double cells if required.
25. It was advised that discussions with the construction managers have been positive in regards to the concerns and design of HMP Glasgow, and that while there has been a lot of learning, the balance of knowledge and experience from both operational and construction has been beneficial.

#### **"In-Depth" Review of One Corporate Risk – Ex-Gratia (Verbal)**

26. Mrs Medhurst advised the group that progress has been made and that they are pleased with the responses from Governors, and each of the directorates involved. Mrs Medhurst added that she felt more progress could have been made however due to competing population pressures this was not realistic.
27. Following a number of discussions at EMG a set of action points have been agreed and an action plan tracker has been drafted, this will be reviewed and updated regularly. It was added that MPMG will have sight of this.
28. Members were advised that correspondence has been sent to Governors, seeking assurances in the use of ex-gratia in establishments while aligning practice to the policy and around the pay budget envelope. It was highlighted that responses submitted from establishments have provided a mixed picture and a need to align assurance returns with the work undertaken by internal audit.
29. Members were made aware that a project group has been set up to support the work around ex-gratia and advised of what steps have been taken so far. The group were provided with background and context to how ex-gratia is used within establishments, highlighting a number of complexities.
30. Members noted this update with thanks.
31. Ms Clow queried whether SPS has sought out information from similar uniformed services on how they manage similar absences. It was noted that this may have been highlighted as part of wider work carried out by ODD.
32. Mr Oliphant highlighted that it is encouraging to see actions being drafted and discussions taking place following the concerns raised, adding that ex-gratia will also be considered as part of next year's audit.

33. Mr Wilkie advised members that while completing the internal audit draft report, they were unable to use data analytical programmes due to the number of inconsistencies and errors within the paperwork submitted. Mr Wilkie added that they were unable to set up the proper parameters to allow for testing.

#### **RMAC(SEP)03/24: Internal Audit Progress Update**

34. This report provided an update on progress highlights, Internal Audit Strategic matters, integrated assurance update and strategic best practices.

35. The below key points were noted;

- Since the last Risk Monitoring & Audit Committee (RMAC), the draft report on the Ex-Gratia review has been issued.
- Fieldwork is ongoing on the Counter-Fraud and Awareness; Major Project and Capital and Cyber-security reviews. Annex B provides an update.
- Initial work has commenced on the Governance Advisory.
- The Information Governance Follow-Up has been issued and work is continuing on the Data Analytics follow-up

36. Since the last Risk Management and Audit Committee the Directorate for Internal Audit and Assurance (DIAA) has undertaken recruitment to build capacity in both Internal Audit and Counter Fraud. Additionally, updated Global Internal Audit Standards have been launched and we are progressing with our self-assessment to identify any changes that may be required, these should be in place by the end of January 2025.

37. The Internal Audit Plan and progress plan will continue to be reviewed each quarter and presented to the following RMAC with any updates highlighted.

38. Members noted this paper with thanks.

39. It was agreed that RMAC members would be updated of outcomes of discussions in November 2024.

#### **RMAC(SEP)04/24: Annual Review of RMAC effectiveness**

40. This report provided an update on the results of the RMAC Effectiveness Review, carried out in August/September 2024

41. The Scottish Government Audit and Assurance Handbook, which is directly applicable to SPS, states that the Chair of an Audit committee should “ensure that there is periodic review of the overall effectiveness of the committee.” A full effectiveness review was carried out during the 2022/23 year, followed by a light-touch review in the 2023/24 year. This 2024/25 review adopts the ‘full’ review method, was commissioned by the Chair of the SPS RMAC, and was carried out by the SPS Improvement function.

42. A total of 129 statements covering RMAC’s effectiveness were tested as part of the review. Statements were scored as 1 (Room for Improvement), 2 (Meeting Standards), and 3 (Excelling). A total of 6 completed scoring templates were returned (the same number as the 2022/23 review).

43. 11 out of the 18 sections, RMAC’s effectiveness has been judged as having improved compared to 2022/23. In 6 sections, the effectiveness has been judged to have worsened. In 1 section, the effectiveness has been judged to have stayed the same.

44. Members noted this paper with thanks.

45. Mr Harley highlighted that while they have acted on feedback in the past, more work may be required in the future. Mr Harley added that he feels RMAC has a wider skillset that realised by members, however, it would be beneficial to ascertain what skills and expertise members feel are missing.

**Action: Mr Beardmore**

46. Members discussed the outcome of the effectiveness review, noting positive changes made since the previous review. Mrs Medhurst noted that with the range of experience and perspectives carried from Internal and External auditors she is confident in the level of scrutiny and range of experience brought to RMAC.

47. It was highlighted that expanding membership of RMAC had been discussed previously, however, noted that while this would be beneficial to some aspects of discussion, it may not be required for every meeting. It was agreed that a further discussion around whether there is a need for an additional Non-Executive Director to attend RMAC (including to help ensure the meeting remains quorate).

**Action: Mr Harley**

#### **RMAC(SEP)05/24: Internal Audit Tracker Process Update**

48. This report provided an update on the current position of Internal and External Audit recommendations and proposes processes for their support, monitoring and reporting across SPS.

49. At time of writing, SPS has 14 Audits with outstanding recommendations. There is a total of 61 recommendations still to be implemented. As a result of the request from RMAC to review the relevance of longer-standing recommendations, 2 have been removed. Since the last RMAC meeting, 5 recommendations have been marked as 'complete'.

50. Members noted this paper with thanks.

51. Members were made aware of the removal of 2 actions from the tracker, noting these were both COVID related, however, Mr Harley queried if more could be done to streamline the tracker. Mr Beardmore advised that the recommendations were circulated to the responsible officer with the specific ask to consider their relevance. Concerns were raised whether the acceptance of the risk has clouded judgement on whether the risk is still valid.

52. Members discussed the potential of considering removal of recommendations if they are not concluded within a certain timeframe, however concerns were raised on how they would look to gain assurance on residual risk and the potential implications of this. It was agreed that at this time they would continue to access recommendations as required.

#### **RMAC(SEP)08/24: Review of future strategic Direction of RMAC**

53. This short paper articulates the key areas of focus for RMAC for up to the next 3 years, as proposed by the Chair and agreed with the other RMAC members, though some items (notably cyber security) will need further progress well before the end of 3 year horizon.

54. Over the past 2 to 3 years SPS and RMAC has made real progress in three key areas, namely:

- Internal Audit - Improvement in the design and delivery of internal audit services via an agreement with the SG Internal Audit Directorate. This has led to greater quality in all aspects of internal audit and has also started to positively change the control culture within SPS
- Finance - Under the leadership of Gerry O'Donnell the Finance team has undergone a dramatic change. The period has been difficult for a number of reasons, but the Finance team is now working well and producing good quality work, notably in respect of the annual accounts.
- Risk Management - The amount of focus on risk management by RMAC has increased. This, together with a core group of capable SPS colleagues focused on risk, and clear direction from the AO and her senior team has seen the quality and consistency of the management of risk improve.

55. It is important that SPS focus on the following areas to further improve its risk position and control environment;

- Assurance Mapping
- Cyber security and Information security
- Greater oversight of Establishment-Level activity

56. Members noted this paper with thanks.

57. Ms Murray advised data is a key enabler for oversight of the establishments and it can be difficult to obtain.

#### **RMAC(SEP)06/24: Annual Report on Losses and Special Payments**

58. The purpose of this paper is to present the Risk Management and Audit Committee (RMAC) with the proposed Schedule of Losses and Special Payments for 2023-24.

59. The Government Financial Reporting Manual (FRM) requires a summary of losses, special payments and gifts to be included in the notes to the SPS Annual Accounts with those exceeding £300,000 being separately disclosed.

60. The Framework Document provides the Chief Executive with unlimited delegated financial authority relating to the write-off of losses and award of special payments. A Losses Register is maintained by SPS and items are reported to Financial Policy and Services in accordance with the SPS Financial Policy and Guidance Manual. Primary/Secondary Accountable Officers are required to investigate all cash losses and, where fraud is suspected, to activate the SPS Fraud Response Plan.

61. Overall, losses have decreased from 455 cases to 438 cases, with a decrease in financial terms of £122k. The number of special payments decreased from 409 in 2022-23 to 391 cases in 2023-24, with a decrease in financial terms of £2,300k to £3,554k.

62. There were no instances where individual losses or special payments exceeded £300,000.

63. Members noted this paper with thanks.

64. Mr Wilkie highlighted there they have not received any details on losses related to fraudulent activity, however, it was noted that this would likely be included in the Fraud Response Group annual report.

#### **RMAC(SEP)07/24: Operational Audit Update**

65. This report details the work of the Audit and Assurance Unit (AAU) in relation to Operational Audits conducted during the first half of 2024/25 financial year.

66. Of the 23 audits scheduled in quarter 1 and 2 of 2024/25 financial year, 19 have been completed. There are 2 outstanding audits of Prisoner Correspondence. There are 2 Information Security audits which are scheduled to take place late September, and these should be concluded by the end of quarter 2, meaning the Operational Audit plan is on track.

67. Members noted this paper with thanks.

68. Ms Malone advised members that they are currently looking at staff radios and alarms, with the plan to move on to Information Management, Data Projection, Subject Access Requests and Data Management. Ms Malone noted a lack of regular information security meetings, which highlights concerns on staff accountability and record management in relation to storage and archiving space. It was added that they would be looking to establishments to utilise digital based storage methods.

69. It was highlighted that while Ms Malone provided a rich explanation of the provided report, members felt that this did not come across in the report. Ms Malone advised that she would tweak the paper submission to provide more detail around the substantial and reasonable assurance if that's needed.

**Action: Ms Malone & Mr Shepherd**

#### **Any Other Business**

70. There was no further business discussed.

#### **Date of Next Meeting**

71. The next RMAC meeting will be held on 27 November 2024 from 13:00 in SPSC.

**RMAC Secretariat**  
**25 September 2024**