

RISK AND ASSURANCE COMMITTEE
COMATAIDH CHUNNART AGUS SGRÙDAIDH

MINUTE OF THE MEETING HELD ON 17 AUGUST 2023 AT 0900 AT AN LÒCHRAN, INVERNESS CAMPUS, AND BY TELECONFERENCE

PRESENT (ONLINE): Angus Campbell (*Chair*)
Belinda Oldfield
Calum Ross
Keith Nicholson

IN ATTENDANCE (AN LÒCHRAN):

Stuart Black	Chief Executive
Nick Kenton	Director of Finance and Corporate Services
Sandra Dunbar	Director of Business Improvement and Internal Audit
Louise Macmillan	Audit and Assurance Manager
Andrew Jenkins	Head of Financial Services
James Laraway	Business Improvement Manager, item 4.1

IN ATTENDANCE (ONLINE):

Sandra Dunbar	Director of Business Improvement and Internal Audit (BIIA)
Pauline Gillen	Audit Director, Audit Scotland
Andrew Carton	Team Leader of Sponsorship, Scottish Government
Eunice McAdam	Saffery Champness, item 3.1
Lorna Gregson-MacLeod	Head of Planning and Partnerships, item 3.2
Adrian Kitson	Head of Executive Office
Victoria Wardley	Executive Assistant

1 STANDING ITEMS
CUSPAIREAN COTHROMACH

1.1 Welcome and apologies

The Chair welcomed everyone to the meeting and confirmed that no apologies had been received.

1.2 Declarations of interest

The Director of Finance and Corporate Services provided a transparency statement, to note he is the director HIE Ventures Ltd which is on the agenda for this meeting.

1.3 To approve minute of the Risk and Assurance Committee meeting held on 06 June 2023

The minute was approved.

1.4 Matters arising from the Risk and Assurance Committee meeting and action note from the meeting of 06 June 2023

There were no matters arising from the Risk and Assurance Committee meeting and action note from the meeting of 06 June 2023.

1.5 Matters arising from the HIE Board meeting held on 27 June 2023

There were no matters arising from the HIE Board meeting held on 27 June 2023 other than the Cairngorm Legal update which was included on the agenda as a separate item.

Belinda Oldfield joined the meeting.

2 CURRENT AND EMERGING ISSUES **CÙISEAN LÀITHEIL**

2.1 Cairngorm Legal Update

The Director of Business Improvement and Internal Audit gave a summary and background to the court process surrounding the Cairngorm legal cases and the outcome of the mediation process. It was noted that the mediation process had resulted in the defenders agreeing to pay HIE £11m. HIE has now received £10m of the settlement figure and the balance of £1m is due within 12 months, there are no conditions attached to the amount remaining. A press statement was issued on 16 August 2023 and this marks an end to the legal issues.

The Committee noted that this was an excellent result and thanked the team involved for their time and efforts in getting to this final stage.

3 ACCOUNTS RELATED **STUTHAN CUNNTASACHAIL**

3.1 Group Companies – accounts and audit reports 2022/23

Eunice McAdam joined the meeting.

Saffery Champness provided an update on the audits of HIE group companies accounts and noted that the substantive testing is now complete. There are no anticipated issues set to arise in the work remaining to be carried out, no changes to any accounting policies, and no significant or unusual transactions to discuss.

A recommendation was made regarding Wave Energy Scotland (WES) procedures due to an error in the sample testing of revenue where the year-end deferred income and bank account denominated in Euros had not been translated to pounds sterling at the year-end rate, this was corrected by management. Saffery Champness noted the letter of support that Cairngorm Mountain (Scotland) Ltd – CMSL are relying on from HIE.

The financial statements are all nearing the final draft stage of the process. There are no uncorrected misstatements, aside from WES, and no need to report on any unadjusted errors. The Head of Financial Services noted that additional training has been initiated as a result of the omission of the adjustment required for WES. The Director of Finance and Corporate Services noted that HIE is on track for closing accounts in time to meet the deadline for laying in Parliament.

The Committee thanked the partner of Saffery Champness for the work done on the Group Companies accounts and audit reports.

Eunice McAdam left the meeting.

3.2 Unaudited HIE accounts 2022/23

Lorna Gregson-Macleod joined the meeting.

The Director of Finance and Corporate Services summarised the financial outturn summary within the draft unaudited Annual Report and Accounts and highlighted the figures are largely similar to the draft that went to the Board meeting in April. It was noted this is subject to change as per any matters arising from the audit process and any potential post balance sheet events, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*.

The accounts show a positive balance sheet, resulting from significant improvements in the pensions obligation liability. It was also highlighted that the future outlook section will be updated in the final version. The Head of Financial Services noted the annual report and accounts were provided to Audit Scotland and Scottish Government in line with the timetable and the feedback from Scottish Government is being considered. The final annual report and accounts will be considered at the Risk and Assurance meeting in October.

The Head of Financial Services asked the Committee to confirm they were content with transactions involving Board members relating to their registered interests, Keith Nicolson responded he was content with the disclosure relating to him within the paper. The Chair thanked those involved in the report and highlighted the good outcomes for this year with progress going as planned.

Lorna Gregson-Macleod left the meeting.

3.3 BIIA Report – Composite significant transactions 2022/23

The Director of Business Improvement and Internal Audit summarised the conclusions from the audit of significant transactions made in the year 2022/23. To ensure any lessons learned are shared across the organisation the Director noted that a number of actions are being taken. This included individual reports being provided to each business unit and that as part of an ongoing continuous improvement environment, the BIIA team engage regularly with Heads of Strengthening Communities and Businesses in area teams. There are no issues noted which have impacted the accounts.

The Committee had no questions regarding this report and the Chair noted the significant sampling and appreciated the work in this report.

4 PLANNED ACTIVITY GNIOMHACHDAN PLANAICHTE

4.1 Risk appetite statements

James Laraway joined the meeting.

The Director of BIIA provided a summary of the risk appetite statements and noted these as a key component of the risk management environment and help ensure a supportive culture for HIE delivery activity. The paper highlights the proposed changes since the last risk appetite refresh and proposes going forward that these statements are reviewed more regularly on a bi-annual basis rather than annually. The Director of BIIA and the Business Improvement Manager aim to raise the profile of risk

appetite statements within the organisation via internal webinars and embed these within the decision-making process.

The Business Improvement manager noted he has been engaging with other public sector organisations to share knowledge and information on the approaches being used for risk management and risk appetite. HIE hope that these meetings can become more regular. The Committee considered this approach to be an example of best practice and welcomed this comprehensive paper. It was noted that risk appetite positions should be helpful in supporting HIE prioritisation and decision making. The important risk taking nature of HIE's role was noted and it was agreed that the paper should be presented to the HIE Board. It was also agreed that the number of statements should be kept under review.

The Committee endorsed the refreshed risk appetite statements, these will be reviewed by the HIE Board on 29 August.

James Laraway left the meeting.

4.2 Any other business

There was no other business.

4.3 Date of next meeting

The next meeting of the Risk and Assurance Committee will be on 03 October 2023.

The Committee thanked the HIE staff for the quality of the papers provided and presented to the Committee.

Victoria Wardley
Executive Assistant
17 August 2023