



**RISK AND ASSURANCE COMMITTEE**  
**COMATAIDH CHUNNART AGUS SGRÙDAIDH**

**MINUTE OF THE HIE RISK AND ASSURANCE COMMITTEE MEETING HELD ON  
TUESDAY 13 AUGUST 2019 AT AN LÒCHRAN, INVERNESS CAMPUS**

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

**IN ATTENDANCE:**

Carroll Buxton	Interim Chief Executive
Morven Gibson	Shadow Board Member
Nick Kenton	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
Douglas Cowan	Director of Communities and Place, Items 2.2 and 3.8
David Oxley	Director of Business Growth, Item 2.1
David Howie	Regional Head of Technology and Innovation
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
Graeme Harrison	Area Manager Orkney, Item 4.4
Paul Clark	EIS, Chief Information Officer, Item 4.5
Eddie O'Hara	EIS, Head of EIS Assurance, Item 4.5
Eunice McAdam	Partner of Saffery Champness, Items 2.3 and for part of 3.1 and 5.3

**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 04 June 2019**

The minute was approved subject to minor amendments.

Page 2, 2.1 Spaceport, first paragraph, second sentence amended to “It was noted that the land lease option is progressing with the aim of having this completed by Friday 7<sup>th</sup> June”.

Page 6, 3.3 European Compliance, last paragraph, second sentence amended to “It was confirmed that the decision for this is at management authority level (Scottish Government)”.

Page 7, 3.8 Health and Safety Committee – Assurance Report, remove “Douglas Cowan joined the meeting for this item and item 3.8”.

Page 8, 3.10 Audit Scotland 2018/19 management report, third paragraph, amend the start of the first sentence to “In terms of Audit Scotland wider dimension audit work”.

Page 9, 3.11 Risk and Assurance Committee Annual Report, amend final sentence to “The Chair noted his appreciation of all of the work that goes into these reports to provide assurance to the Committee”.

Page 11, 4.4 Risk Register, first paragraph, end second sentence at “Committee”.

Page 11, 4.8, amend the heading to read “HIE Chairman’s Interests Spend Report”.

#### **1.4 Matters arising from Risk and Assurance Committee meeting held on 04 June 2019**

It was noted that detailed work on the VAT issue had been suspended due to work on the Annual Accounts. There is a meeting with HMRC in September and this will be dealt with as a priority once the accounts have been finalised. Update to be provided to the next Risk and Assurance Committee meeting.

The update provided to the HIE Board meeting in February in hard copy format relating to “Refreshing Our Approach” to be recirculated to the members of the Committee.

The new Head of Information Governance starts on Monday 12<sup>th</sup> August 2019, the role of the Data Protection Officer (DPO) to be discussed and agreed.

Management report, it was noted that the Registration of Interests for Board members and Directors is up to date.

A proposed form of words aimed at strengthening the Scottish Government’s underwriting of the HIE Pension Scheme has been prepared. The document is quite complex (running to 36 pages) and will be discussed with the Government shortly.

Executive Support to issue dates for a session on Risk Management as part of the Committee development.

#### **1.5 Matters arising from the HIE Board meeting held on 25 June 2019**

There were no matters arising from the HIE Board meeting held on 25 June 2019.

## **2 ANNUAL ACCOUNTS CUNNTASAN BLIADHNAIL**

### **2.1 Audit Scotland – Draft Annual Report 2018/19 a. ISA580 Covering Letter**

The Audit Director, Audit Scotland, reported that the organisation’s audit of HIE’s 2018-19 annual accounts was substantially complete and it was expected that Audit Scotland would issue an unqualified opinion.

#### **b. Draft Annual Audit Report**

The Audit Director, Audit Scotland, presented the draft 2018-19 annual audit report for HIE concluding that the financial statements of HIE and its group give a true and fair view of the year-end financial positions and net expenditure for 2018/19. The organisation has effective financial management arrangements,

noting it overspent its overall resource budget for 2018/19, with the prior approval of the Scottish Government. There were areas identified where controls could be strengthened, and management has agreed to take corrective action.

The report outlined that HIE faces significant financial challenges and uncertainties, not least related to the funding of activities on Cairngorm Mountain and the repair of the funicular railway. It was noted that these matters may affect HIE's ability to operate within budget and its overall financial position.

HIE has effective governance arrangements that support the scrutiny of decisions with scope to further enhance openness and transparency. HIE's performance report meets the requirements of the FReM and it was noted that good progress has been made in developing the performance section of the annual report.

HIE has a well-developed performance framework. There is scope to review target ranges to ensure they remain challenging and support continuous improvement. HIE's three-year strategy sets out its ambitions for the region and acknowledges the importance of collaborative working with partners.

The challenging timescale for the annual audit work was noted. The good working relationship between the HIE team and the Audit Scotland Team in Inverness is a credit to them and helped to mitigate these challenges. There had been significant gaps in the audit pack submitted in June, which resulted in slippage on the agreed timetable. Recommendations have been made in the report around financial capacity and expertise and a follow-up lessons learned meeting will take place between the HIE Finance team and the Audit Scotland Audit team to review the process with a view to improving next year.

The Committee welcomed the report, noting that staff of both HIE and Audit Scotland had put in considerable effort to meet the timescale for production of the annual accounts. The Committee also asked the Executive team to consider if there were opportunities to increase transparency in relation to publishing board agendas and papers. The challenges relating to the Finance team's resources were discussed and it was agreed with the Interim Chief Executive and the Director of Finance and Corporate Services that these would be reviewed, and an action plan developed to resolve them as a matter of priority. An update will be provided to the Committee in December.

With regards the Section 22 report, for completeness this will be presented to Parliament at the same time as the accounts are laid before them.

## **2.2 Audit Scotland – Section 22 Report**

The Audit Director outlined that the Auditor General for Scotland has decided to prepare a report under section 22 of the Public Finance and Accountability (Scotland) Act 2000 to highlight to the Scottish Parliament key issues in HIE's 2018/19 accounts relating to Cairngorm Mountain and the funicular railway. This report will be laid in the Scottish Parliament with HIE's audited accounts.

The Committee noted that the report was factual and neutral in its conclusions and asked if the Section 23 report would be more detailed. The Audit Director confirmed the Section 22 report signals to Parliament that there is an issue which HIE is addressing and that Audit Scotland will undertake a more detailed review. This review (Section 23 report) will consider the actions taken by HIE along with supporting information and will include conclusions and comment.

The Enterprise Sponsorship Manager, Scottish Government confirmed that the accounts would be laid before Parliament on 30<sup>th</sup> August and it would take approximately a fortnight to hear back from the Finance Committee.

The Chair asked about the timetable for the Scottish Government Review relating to Cairngorm and if this would be shared with Audit Scotland prior to publishing. It was noted that HIE has already provided detailed comments on the draft report and had met with the authors and would welcome an opportunity to review

the draft final report and have discussion with the Chief Finance Officer prior to the report being finalised. The Enterprise and Sponsorship Manager will check and confirm if there is an opportunity for the Interim Chief Executive and the Director of Business Improvement and Internal Audit to meet with the Chief Finance Officer.

## **2.3 Group Companies Audit Report**

### **2.3a WES / HIE Ventures / ORIC**

*Eunice McAdam joined the meeting for Items 2.3 and part of 3.1 and 5.3 only.*

The independent auditor from Saffery Champness presented a subsidiary companies' report for the year ended 31 March 2019. It was confirmed that unqualified opinions had been given on the statutory financial statements of HIE Ventures and Wave Energy Scotland, and for the consolidation pack for Orkney Research and Innovation Campus (a joint venture between HIE and Orkney Islands Council).

The Committee welcomed the report noting that Audit Scotland had accepted the reports and all issues had been resolved.

### **2.3 b Cairngorm Mountain (Scotland) Limited (CMSL)**

The independent auditor confirmed that due to the timing of the company establishment, there was no financial statement audit required for Cairngorm Mountain (Scotland) Limited. There had been liaison with Audit Scotland regarding areas of significance to include and there were no issues arising. For next year, there will need to be a decision made on which financial standards will apply, FRS 101 or 102.

The Director of Business Improvement and Internal Audit confirmed that Cairngorm Mountain (Scotland) will be included in future internal audit work and that we were liaising with the company auditors on accounting treatment for current transactions between HIE and CMSL.

The Committee thanked the independent auditor for the clear and helpful report.

Eunice McAdam commented on the Governance review undertaken by Saffery Champness at Cairngorm Mountain and noted that a follow up review had confirmed significant progress had been made to address the recommendations made. This paper is included in the Cairngorm Mountain update at agenda item 3.1.

Eunice McAdam also commented on the independent review undertaken of the HIE Internal Audit alignment with the Public Sector Internal Audit Standards and confirmed that the HIE Internal Audit service met these standards.

## **2.4 BIIA Significant Transactions Composite Report 2018/19**

The Director of Business Improvement and Internal Audit (BIIA) presented the Significant Transactions 2018/19 Composite Report carried out by the BIIA team as part of its annual plan of work. The Director confirmed that the process is revisited each year and the approach tailored accordingly to ensure that a balanced approach is taken to ensure that appropriate assurance is given.

The Committee welcomed the report noting that this forms part of the annual audit report and the overall opinion was of reasonable assurance based on the summary findings.

## **2.5 Letter of Representation for HIE Chief Executive**

The Committee noted and endorsed the contents of the letter from HIE's Interim Chief Executive, as Accountable Officer.

## 2.6 HIE Annual Report and Accounts 2018/19

The Director of Finance and Corporate Services updated the Committee on the Annual report and accounts for 2018/19, thanking the Head of Financial Services and the Finance team at the end of what has been a challenging year. The Director also thanked the Audit Director and Senior Audit Manager Audit Scotland and their team, appreciating that the full audit pack had not been provided on the due date which had caused problems and thanking them for their flexibility.

It was confirmed that, subject to final paperwork being completed, HIE has a set of unqualified accounts that can be laid in Parliament by the end of August 2019 which is in line with the original timetable.

HIE has also achieved all financial targets agreed with the Scottish Government for 2018-19. There was an overspend on Resource DEL by £1.9m but this included £2.1m overspend relating to Cairngorm Mountain (Scotland) Limited (CMSL) which was within the limit of £2.3m agreed with Scottish Government. Setting aside CMSL, HIE underspent Resource DEL by £106k and Capital DEL by £82k which is an excellent result.

HIE faced a challenging position staying within Resource DEL during December 2018 and secured £1.5m Capital DEL to Resource DEL transfer from Scottish Government (SG). It is unlikely that SG will agree to a similar transfer again and HIE has now set all our budgets split between the two streams.

During the final quarter there was the significant complication of establishing CMSL and negotiations with SG around funding. There was also uncertainty over Wave Energy Scotland (WES) funding until the final week of the financial year.

Pressures on cash flow were experienced in the final two months of the year. EU funding was the main issue with £2.6m outstanding amounts owed to HIE. So far this year, £2.4m has been received in EU monies and another approx. £1.6m was due to have been submitted.

The balance sheet deteriorated quite significantly – at 31/3/18 the Group position had recovered into positive territory of £800k. At 31/3/19 this had deteriorated to £19m negative. This was due to 3 issues 1) £8m on pensions (split HIE/LGPS); 2) £4m on VAT provisions and 3) £9m on funicular railway.

Subsequent to this, HIE has now sold the Centre for Health Science (CfHS) resulting in the balance sheet now being a further £8.5m worse off in fixed assets (although HIE currently holds the cash so there is no overall balance sheet impact just yet). The working assumption is that this will be lodged with SG and carried forward to be spent on repairing the funicular. When the repair takes place the £9m provision on the balance sheet will be resolved - so overall the balance sheet would be back to around £19m negative if nothing else moves.

It was noted that the Scottish Government is relatively relaxed with the balance sheet position with the biggest issue being pensions and noting that the Scottish Government provides funding to meet HIE's liabilities as they fall due. The balance sheet position will require to be kept under review.

The Enterprise Sponsorship Manager outlined that communication around pressures should be kept going with the Scottish Government and the Chair confirmed that any help with exceptional events was appreciated.

The Committee welcomed the big improvement in the format and content of the report and thanked the Head of Financial Services and all others involved in the preparation of the report and accounts. The Chair referenced in particular the inclusion of infographics. It was also noted that we should review consistency in the presentation of the principal, key and significant risks throughout the report.

The Audit Director, Audit Scotland confirmed that risk and the articulation of the risk was a good point. The report needs to articulate the impact on the organisation to deliver.

The Committee asked about the pension liability and the revised letter of comfort from Scottish Government. The Director of Finance and Corporate Services confirmed that this was in relation to the guarantee in a form acceptable to the pensions regulator and that a proposed form of words will be issued to Scottish Government soon for discussion. It was anticipated that HIE would hear back within one month and the Committee would be kept informed.

The Committee were content that the accounts could be formally signed off by the Accountable Officer on the understanding that any final changes would not be material. The Director of Finance and Corporate Services confirmed that he did not expect any changes of any significance and he will circulate a paper that summarises all the changes between the documents that were issued to the Committee and the final versions for completeness.

## **2.7 Proposed Final Certificate of Assurance**

The Interim Chief Executive outlined that there were changes required to Appendix 1 to include mention of Cairngorm and VAT. Pensions also needs to be included and drawn to the attention of the Scottish Government.

The Director of Business Improvement and Internal Audit made a point of clarification in that Cairngorm has been agreed as an annual authorised overspend.

The Committee noted and endorsed the wording of the Final Certificate of Assurance subject to the changes being made.

## **3 CURRENT ISSUES** **CÙISEAN LÀITHEIL**

### **3.1 Cairngorm Mountain Update**

*Douglas Cowan joined the meeting for this item.*

The Director of Business Improvement and Internal Audit (BIIA) and the Director of Communities and Place provided an update to the Committee on the current position at Cairngorm. The Director of BIIA outlined that HIE has been taking a programme approach to Cairngorm which ensures the following are addressed: 1) Achieve operational stability for the operating company; 2) Achieve a solution for the Cairngorm Funicular; 3) Considered wider strategic opportunity for both Cairngorm and wider Aviemore, Badenoch and Strathspey and 4) Address legacy matters.

There remains significant external scrutiny from stakeholders and via Audit Scotland and Scottish Government reviews. To support delivery, HIE recognises the requirement for strong governance and a need to ensure it balances being ambitious with any future strategy with dealing with the immediate issues and risks. HIE also understands the need to consider Cairngorm in the context of the wider Highlands and Islands economic and community development challenges and opportunities.

There is a strong programme of governance which the Director of Communities and Place oversees as the programme SRO. There are a significant number of internal staff working on several interdependent work strands. These include: Property and infrastructure, Area delivery, Account team approach to monitoring and supporting the operating company, Stakeholder and community engagement, Legal and regulatory issues including those relating to the legacy environment, External scrutiny – Freedom of Information requests, External reviews, Communication and Finance, Audit and Assurance.

The project is high risk and HIE ensures that decision making is considered and informed.

The Director of Communities and Place highlighted the range of complex issues being dealt with including engineering, legal legacy issues and stakeholder engagement.

The Chair commented that a large amount of work had been done and that the programme was moving forward in a logical way which is appropriate for the future also noting that it is essential that HIE continues to do everything properly as has been the case to date. The Committee requested an update to the HIE Board in September to include the plan and milestones, clarity re procurement options, masterplan and wider strategy work.

The Committee noted the clear structures which have helped with governance and were keen to understand how long this is sustainable for and the need to see a way back to business as usual. The Interim Chief Executive agreed that projects do rely on the same people and the focus is on key priorities. There are efforts underway to recruit additional staff to strengthen the team, as it was agreed that the current position is not sustainable. HIE is continuing to manage the situation but it is challenging.

The Committee were also keen to understand how HIE ensured that there was alignment across all parts of HIE for the various project elements including stakeholder and community engagement. The Director of Communities and Place confirmed that this was via weekly team meetings with full input from all. There is a project manager and administrative support in place. There is also the Funicular Response Group and the Leaders Forum (for high level overview) which supports alignment. The Committee confirmed that it was good to see that all strands of governance were being covered and it was important for assurance purposes.

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

The Committee welcomed the update and progress. The Interim Chief Executive at CMSL is doing a good job and there has been a big turnaround since February. *[Sentence removed in the interests of the effective conduct of public affairs.]*

The Committee thanked the HIE team, CMSL and Scottish Government for their continued efforts.

### **3.2 Space Update**

*David Oxley and David Howie joined the meeting for this item.*

Angus Campbell noted an interest as the Deputy Chair of Scottish Natural Heritage (SNH). It was agreed that this was not an issue and Angus remained present for the discussion.

The Director of Business Growth and the Regional Head of Technology and Innovation provided an update to the Committee on the status of the Space Hub Sutherland project with specific reference to additional risks which have recently emerged following HIE's intensive due diligence to progress detailed project planning and facility design, and the resulting requirement for HIE to undertake a full options appraisal on the way forward.

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

Regular Board sub group meetings continue to take place where progress is monitored, and issues are discussed.

The Committee recognise how complex this project is and the pressure that this is putting on HIE staff.

## **4 PLANNED ACTIVITY** **GNÌOMHACHDAN PLANAICHTÈ**

### **4.1 BIIA Annual Assurance Plan**

The Director of Business Improvement and Internal Audit (BIIA) presented a refreshed annual assurance plan, covering 2019-20. The plan aims to support HIE management in the delivery of HIE priorities and achievement of regional outcomes and in ensuring that HIE is a highly effective and efficient organisation which delivers best value. Internal Audit activity must support, and be aligned to, the delivery of the organisation priorities and objectives, recognising the operating environment and must respond to and support the risk landscape within which these are delivered.

In welcoming the plan, the Committee raised some concerns with regards to the ability to resource and deliver all of the planned activity. The Director of BIIA confirmed that assurance does not just come from internal audit activity, rather there is an integrated approach to assurance which aims to provide comfort on the control environment. This integrated assurance approach is provided from 1) Management through the internal control assurance arrangements; 2) Externally through Audit Scotland reports; 3) Independent project reviews procured through the HIE research and appraisal framework or partner contracts; 4) Gateway reviews secured through the Scottish Government project delivery arrangements and 5) Digital first service assurance through the Scottish Government digital delivery teams. With access to sufficient external support for the internal audit aspects of the plan, the Director of BIIA confirmed confidence in the ability to deliver all of the planned activity.

The Committee also noted the Key Performance Indicators and asked how follow up actions were monitored. It was agreed that this was absent from the report and action will be taken to include. The Committee were also referred to the follow up report provided in the resources section of the committee pack.

### **4.2 Risk and Assurance Committee Plan 2019/20**

The Director of Business Improvement and Internal Audit (BIIA) presented the plan for 2019-20 noting that the HIE Risk and Assurance Committee has previously identified that it would put in place an annual plan to ensure it delivered its role effectively. The plan outlines the committee's aim of playing an active role in ensuring appropriate governance and assurance arrangements are in place for key risk areas and wishing to support the relevant senior responsible owners in this regard. The plan allocates items to be covered under the recognised agenda headings of 1) Standard and routine items; 2) Planned assurance activity and 3) Emerging issues.

As part of the Committee Development programme an event covering risk is to be arranged for September / October 2019, dates to be agreed with the Committee.

The Committee confirmed that they were content with the plan.

### **4.3 Annual Report and Accounts Improvement Plan - Update**

The Director of Finance and Corporate Services presented a report providing a brief update to the Annual Report and Accounts Improvement paper that was presented to the Committee in March 2019. The main

aim was to update the Committee on actions in the light of the experience of the 2018/19 final accounts process. Noting that the key issues had been covered previously during the meeting, the Director confirmed that further work will be undertaken to review financial management capacity to ensure that there is sufficient financial skills and capacity to meet its needs with a view to recruiting additional support.

The Committee confirmed their support for additional resource and requested an update at the December Committee meeting on progress.

#### **4.4 Orkney Research and Innovation Campus (ORIC) Update**

*Graeme Harrison joined the meeting for this item.*

The Area Manager for Orkney provided an update on progress relating to the delivery of the Orkney Research and Innovation Campus (ORIC) project, a ground-breaking partnership project for HIE and Orkney Islands Council (OIC). In particular he highlighted actions undertaken in relation to the progress of the HIE/OIC joint venture and the phase 1 capital works programme for ORIC since the previous Committee updates.

Construction work at the Primary School has progressed significantly with this element of the project on track to complete by 16 August 2019, the date which has been agreed with Heriot-Watt for taking occupancy of the building, in preparation for their new intake of MSc students in September. Aside from some minor landscaping/paving works, the exterior works to the building are complete, resulting in a major transformation which appears to have been very well received within the local community.

The construction spend continues to be closely monitored to ensure that the project, as defined under the revised post-Value Engineering scope, is delivered on time and within the approved budget. While the budget remains challenging, the project remains on course to achieve this goal.

While the project has progressed in line with this original approval, there have been a number of changes in relation to the allocation and volume of space required by the existing tenants as a result of the growth of the respective organisations. This has resulted in areas intended as vacant space for future tenants requiring to be used sooner than anticipated to accommodate the increased space requirement of several tenants. Additional works have been identified which are necessary to accommodate growth requirements of existing tenant Aquatera within the Old Academy and to provide initial accommodation for new tenants Solo Energy and RGU within the primary school. *[Sentence removed in the interests of the effective conduct of public affairs.]*

The Board consisting of 3 HIE representatives and 3 Orkney Islands Council representatives and an independent Chair is working well. The appointment of an Executive Manager who has been in post since February 2019 has allowed the development of relationships with current and prospective tenants and work on the development and completion of the business and marketing. An active role has also been taken in the final stages of the Phase 1 build project.

The Committee welcomed the update highlighting that it was good to see the demand for space and noted the potential request for additional funding that would require HIE Board approval. The Committee also sought assurance that good VAT advice had been taken and the Area Manager confirmed that this was the case and had been checked with the HIE Finance team. The Committee thanked staff and the Board of ORIC for their work on this project.

#### **4.5 Cyber Security**

##### **4.5a Ernst and Young Report**

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

#### **4.5b EIS Actions Report**

Paul Clark and Eddie O’Hara joined the meeting by Skype for this item.

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

#### **4.5 c Tactical Cyber Security Actions**

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

*[Paragraph removed in the interests of the effective conduct of public affairs.]*

#### **4.6 Internal Audit Public Sector Internal Audit Standards (PSIAS) and Improvement Plan**

The Director of Business Improvement and Internal Audit presented an update on the HIE Internal Audit function alignment with the Public Sector Internal Audit Standards and actions being taken in response to external reviews and changes within the Business Improvement and Internal Audit Team as part of the organisations “Refreshing our approach” programme.

Changes to the team were noted in relation to adding resource to focus on Audit and Assurance. In terms of improvement there is a plan to introduce more around governance into the HIE induction process and also around risk. This is being discussed with the HIE Human Resources team. There are also plans to review the smarter use of administrative support resources across the organisation.

The Committee thanked the Director for the update noting that it was good to see clear role definition and the committee welcomed the achievement of the Public Sector Internal Audit Standards award.

#### **4.7 Risk Register**

The Director of Business Improvement and Internal Audit provided a brief update highlighting that this was the risk register that went to the HIE Board and was used as the basis for informing the Audit plan for the year. This will be further updated for the next HIE Board meeting in September.

The Committee noted the update highlighting that strategic risk 09/20 had no timescale.

### **5 ITEMS FOR INFORMATION** **CUSPAIREAN AIRSON FIOSRACHADH**

#### **5.1 Group Companies’ Accounts**

##### **5.1 a Wave Energy Scotland**

##### **5.2b HIE Ventures**

##### **5.3c Orkney Research and Innovation Campus (ORIC)**

The Committee noted the Group Companies’ Accounts.

## **5.2 Audit Report – Follow up of Internal Audit Recommendations**

The Director of Business Improvement and Internal Audit confirmed that there were still a number of areas outstanding and that these would be carried forward to 2019/20 activity. This had been used at Senior Managers Meeting and Leadership Team feedback.

The Committee found the report helpful and noted their thanks.

## **5.3 External Review of Internal Audit**

The independent auditor from Saffery Champness confirmed that the final report issued was considered a pass and had demonstrated full compliance and was comfortable with all of the documentation provided and with the feedback from interviews held. It was noted that there were areas of good practice and some areas where improvements can be made but there were no fundamental concerns.

## **5.4 Audit Report – NFI Matches 2018/19**

The Committee noted the report.

## **5.5 Any other business**

There was no other business.

## **5.6 Date of next meeting**

The next meeting of the Risk and Assurance Committee is 3 December 2019. It was noted that Jill Rosie from Scottish Government will not be available, and that Marion McCormack should be invited.

Adrian Kitson  
Head of Executive Support  
13 August 2019