

**MINUTES OF THE SCOTTISH PRISON SERVICE RISK MONITORING AND
AUDIT COMMITTEE (RMAC) MEETING HELD IN SPSC, DUMYAT, ON
WEDNESDAY 27 NOVEMBER 2024**

Present: Ian Harley, RMAC Chair and Non-Executive Director
Lynne Clow, Non-Executive Director
Stephen Uphill, Non-Executive Director
Teresa Medhurst, Chief Executive, SPS
Linda Pollock, Deputy Chief Executive, SPS
Rebecca Murray, Head of Improvement, SPS
Gerry O'Donnell, Director of Finance, SPS
Lisa Taylor, Head of OCE Branch and Acting Head of Strategy and
Planning, SPS
Alison Malone, Operational Auditor, SPS
Jim McMenemy, Head of Prison Services and Contracts, SPS
Natalie Beal, Divisional Head of Operational Support, SPS
Adam Jobson, Director of Organisational Development, SPS
Iain Burns, Internal Audit, Scottish Government
Michael Oliphant, Audit Scotland
Tommy Yule, Audit Scotland

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. Apologies for absence were received from Michael Beardmore, William Wilkie, Dougie Shepherd and Ian Whitehead.

Draft Minutes of the last RMAC Meeting Held on 25 September 2024

4. The draft minutes of the meeting held on 25 September 2024 were agreed as a true record.

Action Log following Last RMAC Meeting

5. The Chair and members reviewed the Action Log and agreed the current position/update against each action.

Action: Mrs Blackburn

Update on External Audit Approach

6. Members were advised that external audit have started planning for the 2024-25 audit, with the intent of have a formal planning meeting in January 2025 before

developing the Annual Audit Plan. Mr Yule added that the audit team should be consistent to last year.

7. Mr Harley highlighted that Mr O'Donnell is due to retire in 2025 and that there should be internal planning to understand the impact this may have to the end of year Accounts process.

8. Members noted this with thanks.

9. Members noted that the Auditor General has shown interest in the significant risks around the GEOAmey contract and ongoing major projects.

RMAC(NOV) 01/24: Risk Management Progress Report

10. This report provided an update on the Corporate Risk Register, which was reviewed in October 2024 by EMG.

11. The October EMG review did not result in any rescoring of existing risks, however, the climate change, operational workforce, and digital infrastructure risks were discussed in some detail and will be considered further and monitored ahead of the next review in January. Additionally in October, the Planning Performance and Risk Manager ran a risk management awareness session with the Estates senior team. This team are now doing some further revisions to their own risk registers.

12. Scoping work is also being undertaken by the corporate risk management team to understand the risk management implications if SPS adopts the recommendation to include information from the Task Force on Climate-Related Financial Disclosures (TCFD) framework in Annual Reports.

13. The new issue regarding HR & Payroll relates to issues identified with legacy data during payroll testing which has necessitated a delay to the implementation of the system to allow these issues to be resolved and the implementation to be de-risked.

14. Members noted this paper with thanks.

15. Mr O'Donnell advised that they have experienced supply chain issues with HMP Highland and that concerns have been raised with their main contractor. Members were advised that they have been made aware within the last month of the impact this is expected to have on the cash flow for this year. It was noted that at this time there has been no indication that there will be an increase in costs, however, it is still expected that completion is set for 2026. Mrs Medhurst informed the group that she has discussed this directly with the Managing Director and raised a number of actions that could be taken forward.

16. Mr Yule queried whether there would be a knock on impact to future capital funding, Mr O'Donnell advised that they have provided SG with an estimate of what the expected knock on impact may be for the next 2 years of the work. Member discussed how this could impact future project funding.

17. Ms Clow queried the addition of TCFD reporting, and due to current pressures, whether this was something that SPS should be considering this year, as in her experience this is a significant piece of work. Ms Murray advised that based on initial conversations around this, it is expected to be a substantial piece of work for staff to take on, however, the understanding is that this would be a progressive piece that would 'ramp up' over several years. However they would look to bring an update on the practicalities of this to a future RMAC.

Action: R Murray / Michael Beardmore

RMAC(NOV) 02A&B/24: Internal Audit Progress Update

18. This report provided an update on progress to date, the below key messages were noted;

- Since the last Risk Monitoring & Audit Committee (RMAC), the final report on the Ex-Gratia review has been issued.
- Fieldwork on the Cyber-Security review is complete.
- Fieldwork is ongoing on the Counter-Fraud and Awareness and Major Project and Capital reviews.
- Initial fieldwork work has commenced on the Governance Advisory
- Both the Data Analytics and Information Governance Follow-Ups have been completed.

19. The Directorate for Internal Audit & Assurance (DIAA) recently conducted a successful vacancy round and a number of new staff were appointed and commenced employment. Following discussion with key parties, including Audit Scotland colleagues and contacts at the IIA, we have postponed our mandatory External Quality Assessment to autumn 2025 in order that we can be assessed against the GIAS. Other organisations who had EQAs due in 2024/25 are taking similar approaches.

20. The Audit recommendation report provided an update on the current position of internal and external audit recommendations. It was noted that actions for 2 recommendations have been completed, with a further 2 recommendations proposed for closure.

21. Members noted this paper with thanks.

22. Mr Harley highlighted that internal Audit have agreed to take on an advisory role in relation to the Ex-Gratia review, however queried what this involvement would look like and whether they would be involved in the short life working group. Mrs Pollock advised that at this time they would be looking to bring them in at the testing point, with involvement in the wider working group. Mr Harley noted that members are in agreement that the internal audit team have contributed to positive changes made and that SPS has benefitted from the continued improvement.

23. Ms Murray advised the group that following June 2024 discussion on the volume of the risk register, Mr Beardmore has gone through the register and made recommendations on which actions could be removed. Ms Murray advised that they have suggested removing actions/risk where they are near completion but not yet implemented. Members discussed this paper, noting that while further definition and

learning may be required, they agreed that they would prefer actions remain on the register until full completion. A lengthy discussion followed in relation to how to approach the changes required, without losing visibility.

Action: Michael Beardmore

Annual Review of RMAC Terms of Reference

24. A revised Terms of Reference was introduced and approved at the March 2024 RMAC meeting. This review focussed on removing duplication, updating information and clarifying what is now seen by the Advisory Board.

25. Members agreed to the following amendment;

- Core Annual Programme of Business For RMAC' – Change Meeting 3, June date to July.

RMAC(NOV) 03/24: Annual Report on work of Fraud Response Group

This report provided an update on approach taken by the Fraud Response Group (FRG) during the financial year and in particular that:

- The FRG met 3 times in financial year 2023-24;
- All reported fraud and allegations of fraud were fully investigated;
- Following reported frauds and allegations of fraud, internal controls were reviewed and procedural changes implemented as appropriate and any learning was shared;
- There were 17 new cases of suspected fraud reported in 2023-24, 14 of which were to do with external attempts to set up fraudulent direct debits from SPS' Prisoner Funds account. Each of these was blocked and no monies were debited;
- The 3 other cases were respectively at Polmont, Barlinnie and Glenochil. No monies were required to be recovered.
- There has been no reported loss within the financial year.
- SPS continues to be an active participant in the National Fraud Initiative (NFI).

26. SPS is an active participant in the National Fraud Initiative (NFI) process in relation to payments leaving the organisation. SPS is required to participate in the NFI data matching exercise every two years to assist in the prevention of error and fraud. This includes the provision of data on Payroll and Payment of Creditors.

27. SPS internal audit Annual Report 2023/24 rated SPS' NFI arrangements as being Amber on a RAG status and made the following recommendations:

- Incorporate NFI as an explicit part of SPS' Counter Fraud Strategy.
- Complete the NFI self-assessment checklist for each NFI exercise and present it to management and those charged with governance for consideration.
- Report NFI progress and outcomes to senior management and the Risk Monitoring and Audit Committee.

28. SPS is committed to implementing these recommendations from the start of the 2025/26 financial year.

29. Members noted this paper with thanks.

30. Mr Harley noted the low numbers of fraud identified and queried whether this would still be the case if SPS had dedicated fraud detection resources.

31. A lengthy discussion took place between members on whether a dedicated resource was required to consider fraud as the fraud register appeared light and therefore there is a possibility of undetected fraud. Members agreed to circle back to Fraud prevention at a future RMAC following circulation of the completed Internal Audit report.

Action: Adam Jobson / Director of Finance

RMAC(NOV) 05/24: Operational Audit Update

32. This report provided an update on progress and risk identified in relation to Operational Audits conducted April to November 2024.

33. 28 of the 32 audits scheduled in quarter 1, 2 and 3 of 2024/25 financial year have been completed. The 6 outstanding audits are scheduled to take place in November and December. The team are on track to complete the Operational Audit Plan.

34. Operational Auditor Alison Malone has been part of the Ex -Gratia Short Life Working Group, the remit of which was to review the findings of the Audit Scotland report and ex -gratia processes across the estate and make recommendations to improve governance and consistency.

35. Members were made aware that follow ups will be carried out with establishments who provided limited assurances in February.

36. Members noted this paper with thanks.

37. Lynne queried whether the population pressures currently faced by SPS are impacting the levels of assurance. Ms Malone agreed that they feel the outcomes are more favourable in establishments with a smaller population.

RMAC(NOV) 04/24: "In-Depth" Review of One Corporate Risk – GEOAmey, SCCPES Contract Delivery

38. This report provided an update on the delivery and SPS contract of SCCPES contract and the risk of being unable to provide for the changing criminal justice system demands.

39. Court Recovery Programme (CRP) increase in HC and Solemn cases by over 100% while court cell capacity has reduced, leading to increased late courts- resulting in a live contractual improvement notice (IN) in June 2023.

40. There have been several mitigations put in place, a recalibrated SCCPES contract was signed in October 2023. This included an increase in Prison Custody

Officer (PCO) rates of pay by 24% in 12 months, Monthly, Quarterly and Thrice yearly contract meetings, with Contract Improvement Plan, Development of Online booking processes (scheduled to go live in December 2024).

41. Members were made aware that improvements so far have been evidence with improved delivery on hospital appointments, a significant reduction in hospital appointment failures and in increase in recruitment and retention.

42. Moving forward the retender Project Team plan to meet twice weekly, providing high level report to MPMG. Project Board meetings, Multi Agency Liaison Group – Criminal Justice partners - Police Scotland, Scottish Courts and Tribunal Service and Crown Office are to be included in contract sign off if changes are required.

43. Members noted this paper with thanks.

44. Members were advised that on review of the delivery report, concerns around job equality and evaluation were raised, along with the cost of living crisis and a dramatic change in demand profile. Members agreed that it has been positive to see improvement in the current contract.

Any Other Business

45. There was no further business discussed.

Date of Next Meeting

46. The next RMAC meeting will be held on 27 March 2025 from 1pm in SPSC, Dumyat.

RMAC Secretariat
27 November 2024