

Official Sensitive

Meeting of the Revenue Scotland Board – 31 October 2022 – Minutes

13:00 until 15:00, 31 October 2022

Present:

Aidan O’Carroll, Chair
Simon Cunningham
Jean Lindsay
Martin McEwen
Robert MacIntosh
Rt Hon Ken Macintosh (from item 3)
Idong Usoro

In attendance:

Elaine Lorimer, Chief Executive
Shamyla Afzal, Governance and Compliance Manager
Neil Ferguson, Head of Corporate Functions
Mairi Gibson, Head of Legal
Gareth Hill, Chief Accountant
Callum MacInnes, Head of Governance
Craig Morton, Head of ICT
Michael Paterson, Head of Tax
Theresa Valtin, Head of Strategy and Communications
Nicola Walkinshaw, Secretariat

1. Meeting Welcome

Welcome

1.1 The Chair welcomed everyone to the meeting.

Apologies

1.2 No apologies were tendered.

Declarations of Interest

1.3 There were no new declarations of interest.

2. Chair Update (Oral)

2.1 The Chair welcomed everyone to the meeting. He confirmed that the team have been focused on the Annual Report and both sets of Accounts amidst increasing pressures around public sector finances, where attention was now focused. He noted how

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Revenue Scotland has a great story to tell about its performance over the last year and how it is now performing.

- 2.2 The Chair updated the Board on the meeting with Mr Arthur MSP, noting that he had been especially interested in data around trends in the housing markets.

3. Chief Executive Report (Oral)

- 3.1 The Chief Executive provided a progress update regarding returns due on:

- (i) Profiling Capital Spend;
- (ii) Budget for next year; and
- (iii) Resource spending review settlement.

- 3.2 The Chief Executive further informed the Board that a detailed conversation, highlighting the challenges and choices that might need to be made in terms of the budget, would be required at a later Board meeting.

- 3.3 The Chief Executive also provided an update on the People Survey, noting a very strong response rate of 94% of staff completing the survey. This had been recognised at the SG Director's meeting, as the response rate was the second highest in the UK.

- 3.4 The Board were pleased with the level of engagement this demonstrated.

4. Report from the Chair of the Audit and Risk Committee

- 4.1 The Chair of the ARC provided a progress update in relation to the Annual Report and Accounts of Revenue Scotland 2021-22, as well as a short summary of the Annual Report of the ARC.

- 4.2 The Chair of the ARC began by highlighting to the Board that there had been some final minor changes proposed to the Annual Report and Accounts by ARC. He emphasised that there was nothing within these that would impact the financial detail nor impact on the materiality of the statements.

- 4.3 On this basis, he confirmed that the ARC was content to recommend the Annual Report and Accounts for approval and signature to the Accountable Officer and to the Board, subject to the agreed minor alterations being made.

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- 4.4 On the ARC Annual Report, the Chair confirmed that he had taken over as Chair in January 2022 with the addition of new Committee member Robert MacIntosh in June 2022. He confirmed that the ARC continued to provide support to the Board and the Accountable Officer on governance, risk management and internal controls. The ARC met five times during the year.
- 4.5 On Internal Audit, the Chair confirmed that reviews of debt management received a ‘substantial’ audit assurance opinion; and review of capability and capacity controls received an ‘upper end of reasonable’ opinion with work continuing on succession planning. Follow up audits on governance and compliance had also been completed during the period.
- 4.6 The overall assessment was a ‘substantial’ award for the second consecutive year. The Chair confirmed that this was a great level of assurance and that ARC would continue to work with the Executive and Internal Audit to ensure Revenue Scotland continues to meet this high standard in future years.
- 4.7 Feedback from Internal Audit was very complimentary, highlighting a positive ‘tone from the top’ with a focus on continuous improvement.
- 4.8 On External Audit, the Chair confirmed that ARC had reviewed the audit plan and received reports on progress. He confirmed that the two sets of accounts received an unqualified opinion, with two minor recommendations for improvement. ARC have reviewed Audit Scotland’s report and are satisfied with their findings.
- 4.9 On risk management, the corporate risk register had been reviewed at ARC meetings and, following the audit report, a fuller review with input from the Board had been undertaken. This was to ensure that it continued to align with current business and strategic plans.
- 4.10 The Chair of ARC supported the judgement of the Accountable Officer regarding matters raised in respect of the certificates of assurance. The letters of representation had also been reviewed and there were no areas of concern identified that would prevent them being signed.
- 4.11 On this basis, the Chair of the ARC recommended the Annual Report and Accounts of Revenue Scotland for 2021-22 and Governance Statement for signature and approval by the Board subject to minor changes.

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- 4.12 A short discussion followed on the choreography of next year's accounts and the need to ensure that time was factored into the process to allow both Board and ARC members an opportunity to contribute to the final drafts earlier.
- 4.13 The Chair of ARC commented on the constructive engagement between the Committee and the Executive, as well as with both Internal Audit and Audit Scotland and that there were no concerns from the ARC moving forward.
- 4.14 The Chair of the Board thanked the ARC members and the Chair of ARC on the assurances provided in terms of the work that has been done, noting that the ARC's job has been made a lot easier due to the quality and timeliness of the information received.
- 4.15 The Board confirmed they were content with the progress of the ARC for 2021-22 and that they have fulfilled their remit as set out in their Terms of Reference with no outstanding issues for consideration.
- 4.16 The Chair of the Board noted that the Board had previously endorsed the SEC Annual Report for 2021-22 and the Health, Safety and Wellbeing Report for 2021-22 and were now content to also endorse the ARC Annual Report 2021-22.

Action: Secretariat to make minor typographical amendments to the ARC ToR.

Decision: The Board are content to endorse and approve the 2021-22 Annual Report of the Audit and Risk Committee.

5. Annual Report and Accounts 2021-22

- 5.1 The Chief Accountant introduced this item, noting the recommendation from the ARC to approve the Annual Report and Accounts for signature pending minor alterations. He highlighted that there were no adjustments to the figures presented to Audit Scotland in August and that this year's audit has been a very smooth process with very few issues raised.
- 5.2 The Chief Accountant made reference to the list of comments raised by a Board member, noting that some of these would require Board agreement prior to these being incorporated into the Annual Report and Accounts. These all related to textual changes and did not impact any of the figures presented.

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- 5.3 A suggestion made by a Board Member for the next set of accounts was to provide more detail on what Revenue Scotland were doing to diversify its' workforce and about its progress and achievements in this area.
- 5.4 The Chief Accountant was asked whether the level of detail around payments, pensions and salaries etc was required, as the preference would be to focus more on funds being brought in, efficiency and areas for improvement?
- 5.5 The Chief Accountant explained that the reporting requirements were laid down by the UK Treasury and were not open to amendment. It was noted that these applied regardless of the size of government department.
- 5.6 Discussion turned to the priority projects set out within the Annual Report and Accounts and the conversations around what projects are classed as a priority of which the leadership development programme was identified as one of the learning and development requirements?
- 5.7 The Chair of SEC explained that the investment in leadership development was an action under the People Strategy action plan for this year and extended an invitation to attend the next SEC to hear discussion on this topic.
- 5.8 The Chair of the Board ended the meeting by saying that the organisation can take pride in what it has achieved given its size and how humbled he was by this. He recognised the efforts of everyone involved to achieve this and that the accounts reflected the good progress over the last seven years. He encouraged Revenue Scotland to continue to 'think big and act big whilst remaining fleet of foot'.

Action: Review the choreography for the preparation of the next annual report and accounts to ensure sufficient time for the Board and ARC to review final drafts, including consideration of whether the use of shared document editing would assist the process.

Action: Develop a consistent 'RS story' which can used to ensure consistent messaging across all stakeholders.

Decision: The Board are content to approve both sets of Annual Report and Accounts for 2021-22, subject to the minor changes identified by ARC and agreed during the Board meeting.

Decision: The Board are content to recommend that the Accountable Officer signs both sets of Annual Reports and Accounts for 2021-22.



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End of Meeting

31 October 2022