

Audit and Risk Committee Statement of Assurance to the Food Standards Scotland Board 2020-21

1. Introduction

- 1.1 The Audit and Risk Committee (ARC), as a subcommittee of the Food Standards Scotland (FSS) Board, supports the Chief Executive as Accountable Officer and the Board in their responsibilities for issues of risk, control governance and associated assurance. It is also responsible for reviewing the integrity of financial statements and the annual report.
- 1.2 Within its Terms of Reference, the ARC is required to provide an assurance statement to the Board and the Accountable Officer for use in the Board's consideration of the Annual Report and Accounts. This statement should incorporate the consideration of the assurance reports of the Internal Auditors, the Annual Assurance Statement of the FSS Head of Audit Assurance and the views expressed by Audit Scotland.
- 1.3 This report complements the report given to the FSS Board following each ARC meeting and the ARC Annual Report to the FSS Board.

2. Assurance

- 2.1 The Committee has continued to receive appropriate, timely and regular information about FSS's control environment and the production of the FSS Annual Report and Accounts (ARA) for 2020-21. The ARC on behalf of the Board has received assurance from our internal auditors and from the Head of Audit Assurance during the year and from our own scrutiny of the reports presented to us by the executive on a number of matters including risk management and the internal controls assurance framework.
- 2.2 At our meeting on 5 May 2021 we received the overall annual assurance opinion for 2020-21 from Scottish Government Directorate of Internal Audit and Assurance (SGDIAA) and the annual assurance statement from the FSS Head of Audit Assurance regarding Official Control delivery. On 25 August 2021 we received the annual assurance opinion from SGDIAA regarding Scottish Government core systems used by FSS.

3. Internal Audit (Scottish Government Internal Audit and Assurance Directorate (SGDIAA))

- 3.1 In relation to FSS corporate systems, SGDIAA provided a "reasonable" annual assurance opinion noting this reflects the excellent work undertaken by FSS in a particularly challenging year. This opinion indicates that controls are adequate, some improvements can be made, but these are not of a significant nature.

- 3.2 In coming to their annual assurance opinion, the auditors took account of their direct assurance work, including the outcome of two assurance reviews, the delay in the workforce planning review and the reasons for this and good implementation of recommendations from previous audits they considered FSS a mature risk organisation. They noted the organisational changes and positive culture / tone from the top of the organisation. They commented that FSS's control environment was working effectively throughout the year and that FSS has polices/procedures to manage any fraud, theft, whistleblowing or data incidents. In their assessment, the auditors commented that risks still exist with the HR and financial services FSS rely on that are provided by Scottish Government Shared Services, though noted whilst FSS has minimal impact or say in the development and implementation of these systems, FSS has taken steps to identify and mitigate these risks. The auditors also noted that progress has been made with the Digital Strategy, which is a significant piece of work, but is not yet complete.
- 3.3 The auditors highlighted that the FSS Brexit response was well handled, the response was regularly managed, maintained and updated as required. The FSS response to Covid-19 was also robust and they pointed to the success of the implementation of the Business Continuity Plan, accelerated utilisation of technologies to support home working and emphasis on supporting staff well-being.
- 3.4 SGDIAA also provided a reasonable annual assurance opinion regarding the Scottish Government core systems on which FSS depends.

4. Official Control Delivery Audits (FSS)

- 4.1 The FSS Head of Audit Assurance has provided an overarching assurance statement in relation to audits required under Article 6 of Regulation (EU) 2017/625 and the fundamental overarching objectives of Article 3(30) of Regulation (EU) 2017/625 which are: verification that official controls are carried out in compliance with planned arrangements, planned arrangements are applied effectively and that they are suitable to achieve the objectives of official controls.
- 4.2 The Head of Audit Assurance concluded that the results of audits indicated a need to continue the strengthening of processes and controls necessary to ensure official controls are carried out in compliance with planned arrangements; the planned arrangements appear to be suitable to achieve the objective of official controls; and whilst there were no reports issued with an "Insufficient" audit assurance rating, consistent and significant control weaknesses were identified relating to the updating of guidance and associated documentation. FSS management have continued to demonstrate an ability and willingness to promptly address issues identified through audits.

5. Annual Report and Accounts

- 5.1 The ARC held a meeting on 12 November 2021 and considered the FSS Annual Report and Accounts (ARA) for 2020/21. This was somewhat later than the usual ARA timeline due to COVID-19 affecting the timing of the annual audit process.
- 5.2 The Committee had undertaken detailed scrutiny of an early draft of the ARA during and suggested some improvements to wording and style to aid clarity and understanding.
- 5.3 Audit Scotland completed their financial accounts audit and presented their draft 2020/21 Annual Audit Report to the ARC at its meeting on 12 November and will present this to the Board on 17 November.
- 5.4 The ARC noted that Audit Scotland had found that FSS continued to have appropriate and effective financial management and anti-fraud and corruption arrangements in place. They also were pleased to note that FSS had responded positively to the Covid challenges and continued to maintain appropriate arrangements for governance and transparency. ARC was also pleased to see Audit Scotland felt that FSS Board and ARC meetings are examples of good practice in openness and transparency.
- 5.5 In noting the uncorrected misstatements, ARC was content with the treatment of these as they did not have a cumulative material impact on the financial statements.
- 5.6 The ARC noted that Audit Scotland had identified only one recommendation from this year's audit and that has already been implemented but indicated that a number of 2019/20 recommendations remained in progress with all due for completion by the end of the 2021/22 financial year.

6. Recommendation

- 6.1 The ARC based on:

- assurance provided through reports presented to it through the year by internal audit and by ARC scrutiny of reports from the executive on a number of matters including risk management and the internal controls assurance framework
- the reasonable annual assurance opinion for 2020-21 of FSS internal auditors, the Scottish Government Directorate of Internal Audit and Assurance
- the overarching assurance statement in relation to audits required under Article 6 of Regulation (EU) 2017/625 provided by the FSS Head of Audit and Assurance,
- the draft Annual Audit Report from our external auditors, Audit Scotland

- its own and the Board's scrutiny of the content of the ARA

is content to recommend to the Board that it should approve the Annual Report and Accounts for 2020/21 and be authorised for issue by the Accountable Officer.

Sue Walker
On behalf of the FSS Audit and Risk Committee
12th November 2021