Minutes

Meeting:	Audit and Risk Committee
Date:	4 September 2025
Time:	10.30 am
Venue:	Teams
Committee Members Present:	Bill Maxwell (Convener) Ronnie Johnson Rona Fraser
In Attendance:	Jackie Irvine, Chief Executive (CE) Jackie Mackenzie, Executive Director of Corporate Services (EDoCS) Gordon Mackie, Executive Director of Digital and Data (EDoDD) Edith Macintosh, Executive Director of Assurance and Improvement (EDoAI [EM]) Kevin Mitchell, Executive Director of Assurance and Improvement (EDoAI [KM]) Gillian Berry, Finance and Procurement Manager (FPM) (representing Kenny Dick, Head of Finance and Corporate Governance) Stuart Inglis, Internal Auditor (IA) Sarah McGavin, External Auditor (EA) Martha Dalton, Head of Digital Delivery and Change (HoDDC) (for item 17) Graeme Ferguson, Head of IT Service Delivery (HoITSD) (for item 18) Anne Campbell, Executive Support Officer (ESO) (representing Claire Brown, Executive Support Officer)
Apologies:	Maria McGill, Committee Member Paul Gray, Committee Member Kenny Dick, Head of Finance and Corporate Governance (HoFCG) David Archibald, Internal Auditor (IA) Sandy Denholm, External Auditor (EA) Hannah Cloherty, External Auditor (EA) Claire Brown, Executive Support Officer(ESO)

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Item	**Action**

1.0 WELCOME

The Convener welcomed everyone to the meeting.

2.0 APOLOGIES FOR ABSENCE

Apologies received, as noted above.

3.0 DECLARATIONS OF INTEREST

There were no declarations of interest.

4.0 MINUTE OF MEETING HELD ON 15 MAY 2025

The minute of the meeting held on 15 May 2025 was **approved** as an accurate record.

ESO

5.0 MINUTE OF MEETING HELD ON 14 AUGUST 2025

The minute of the meeting held on 14 August 2025 was **approved** as an accurate record.

ESO

6.0 ACTION RECORD OF MEETING HELD ON 15 MAY 2025

The action record of the meeting held on 15 May 2025 was **reviewed** and **updated**.

ESO

7.0 MATTERS ARISING

There were no matters arising.

8.0 INTERNAL AUDIT REPORT: FOLLOW-UP REVIEWS REPORT NO: ARC-13-2025/26

The Internal Auditor presented the report updating the Committee on the progress made since the last Audit and Risk Committee in May 2025.

It was noted that of the 13 recommendations being reviewed, three had been fully implemented, five had been partially implemented, four with little or no progress to report and one was not past original agreement completion date. The following points in particular were highlighted:

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- That change management actions were discussed at both Executive and Strategic Management Teams' meetings.

- That change management would become a standing item on the Strategic Management Team meeting agenda.   **ESO**

- That clearer explanations of the reasons for the change would be included in future reports when an originally proposed target date was revised to allow more time for a recommendation to be fully addressed.   **IA**

The Committee:

- **Accepted** the Internal Audit report on Follow-Up Reviews as at August 2025.
- **Approved** the revisions to implementation dates put forward by management.
- **Requested** an updated Internal Audit Plan at its November 2025 meeting to allocate 'spare' capacity.   **IA**

9.0 INTERNAL AUDIT ANNUAL REVIEW: ENVIRONMENTAL SUSTAINABILITY
REPORT NO: ARC-14-2025/26

The Internal Auditor presented the internal audit report on Environmental Sustainability.

The Committee noted the overall satisfactory rating across all audit objectives which reflected the fact that, whilst some areas for action had been identified, the organisation was already taking forward appropriate actions to address them.

The Committee:

- **Accepted** the Internal Auditor's report on Environmental Sustainability.

10.0 INDEPENDENT REVIEW OF THE COMPLAINTS HANDLING PROCESS

The Internal Auditor and Chief Executive updated the Committee on the progress of the independent review of the complaints handling process. The Committee **noted** the complexity of the review, the integration of findings into the improvement plan and the need for timely communication with Sponsor and the Scottish Government. The following points were noted:

- That the review had involved more interviews than initially planned due to the complexity of the subject. The final meeting had been scheduled with a draft report expected by 22 September 2025.

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- That the improvement plan was being updated to reflect the review's findings. The improvement plan also addressed broader issues beyond complaints handling and would include a column for new recommendations and actions.
- That the draft would be shared with Sponsor, with a summary provided for further government discussion.

The Committee:

- **Thanked** the Internal Auditor and Chief Executive for their update and **agreed** that the draft report would be circulated to it upon completion and that an update on the improvement plan, incorporating the review's findings would be presented at its November 2025 meeting.

IA

ESO

11.0 COVER REPORT: ANNUAL REPORT AND ACCOUNTS PACKAGE 2024/25
REPORT NO: ARC-16-2025/26

A report was presented which requested that the Committee reviewed the Draft Annual Report and Accounts package and make a recommendation to the Board for its approval. The package included the following elements:

- Draft Annual Report and Accounts 2024/25
- Combined ISA260 Report (comprising a progress report at this stage)
- Draft Letter of Representation
- Draft Audit and Risk Committee Annual Report the Board 2024/25

The Committee:

- **Reviewed** the revised annual report and accounts, confirming that previous suggestions had been incorporated appropriately.
- **Approved** the annual report and accounts, subject to one amendment of prior year figures for KOIs, for onward submission to the Board at its meeting to be held on 25 September 2025 for its approval.

EDoAI (EM)

- **Noted** the delay in respect of the production of a final combined ISA260 report and the outstanding issues of lease accounting under IFRS16 and final pension confirmations.
- **Agreed** to hold a brief meeting prior to the Board's meeting on 25 September 2025 to review and approve the final external audit report.

ESO

- **Approved** the draft letter of representation.
- **Noted** that its Annual Report to the Board 2024/25 was still at a draft stage until the external audit report had been approved.
- **Thanked** the Finance and Procurement Manager and Team for all their hard work.

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12.0   STRATEGIC RISK REGISTER MONITORING AND ASSURANCE MAPPING

12.1   Strategic Risk Register Monitoring Report
Report No: ARC-17-2025/26

The Executive Director of Corporate Services presented the report which provided the Committee with the Strategic Risk Register monitoring position for its consideration. The following points in particular were noted:

- That there had been the addition of a risk appetite matrix which was debated by the Committee and would now be revisited, providing examples of how it related to scoring.   **HoFC**
- That a new risk, 'Public Perception of Scrutiny Coverage' had been drafted and was under consideration by the Delivery Review Group. It was agreed that this risk should be monitored at SMG level at this stage rather than being placed on the Strategic Risk Register.

The Committee:

- **Approved** the Risk Policy and Risk Appetite Statement for onward submission to the Board at its meeting on 25 September 2025 for its approval.
- **Considered** the current risk monitoring position, **confirming** that there were no issues to be brought to the attention of the Board at its meeting to be held on 25 September 2025.

12.2   Assurance Mapping Report
Report No: ARC-18-2025/26

The Finance and Procurement Manager presented a report which provided the Committee with the Care Inspectorate's Assurance Map. This map identified owners for each assurance area who are responsible for updating the map prior to each meeting of the Committee.

The Committee:

- **Noted** the work that had been undertaken to provide it with the Assurance Map.
- **Agreed** that it would benefit from a detailed walkthrough and presentation by the Head of Finance and Corporate Government at its next meeting.   **ESO**

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13.0 DIGITAL DELIVERY AND CHANGE UPDATE REPORT
REPORT NO: ARC-19-2025/26

The Head of Digital Delivery and Change presented the report with an update on progress made since the last Audit and Risk Committee in May 2025. The following points in particular were noted:

- That there had been successful completion of an external 'health check' which had resulted in three recommendations, all of which had been actioned.
- That the project was transitioning from the 'alpha' (design) to the 'beta' (build) phase, with a major alignment event planned for stakeholders.
- That a change management consultant was being brought in to lead impact assessment and support staff through process and role changes.
- That a 'data squad' was piloting data migration and that the Surface Pro training for inspectors had been rolled out with positive feedback.
- That a report in respect of ongoing digital investment was being drafted for the Digital Audit Assurance Group, Executive Team and the Committee highlighting the requirement for sustained support beyond implementation.

The Committee:

- **Noted** the continuing very positive progress to date.
- **Noted** that future reports would not include the appendices (which would be available to members via a shared folder).　　　　**ESO**

14.0 ARTIFICIAL INTELLIGENCE UPDATE REPORT
REPORT NO: ARC-20-2025/26

The Executive Director of Digital and Data introduced this agenda item stressing that the detail presented focussed on the tactical elements of Artificial Intelligence (AI) to see the Care Inspectorate through until Digital Transformation Stage 2 had been delivered. He highlighted that it was envisaged, within the 2026/27 inspection year, that the Committee would receive a Digital and Data Strategy.

The Head of IT Service Delivery then presented a report which updated the Committee on the plans to support the development and adoption of AI technologies at the Care Inspectorate to Quarter 1 2025/26. The following points were noted:

- That there were three internal pilot projects underway using AI to expedite inspection report writing, analysing survey data with smart tools and automating minutes of meetings with Microsoft Teams Premium. These pilots were designed to build staff confidence and familiarity with AI.

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- That the strategic adoption of AI was dependent on high-quality, well-structured data, which was being addressed in the digital programme. An AI steering group had been set-up to ensure cross-functional oversight and risk management.
- That the importance of considering user experience when deploying AI for external stakeholders was crucial.
- That any future external use would involve careful engagement and transparency.

The Committee:

- **Noted** the report.
- **Noted** that AI updates would be combined with the Cyber Update Report in the future.

15.0   DELIVERY REFERENCE GROUP UPDATE

The Chief Executive provided the Committee with an update on the Delivery Reference Group, highlighting its role in supporting proposals for inspection requirements, engagement with Sponsor and the financial risks associated with staffing and legislative expectations. The following points in particular were noted:

- That the Group had helped clarify the complexity and resource implications of statutory inspection requirements for Sponsor and Scottish Government, balancing the need for a proportionate, risk-based approach with the need to meet the more rigid statutory expectations regarding inspection frequency which still exist in some sectors. A summary report was being prepared for Ministers, outlining options and associated costs.
- The organisation was funding 34.5 addition staff, of which 13 had been funded through a provision in the current year's core grant, with the remainder being funded using reserves and in-year savings. There was a risk that ongoing funding may not be secured and so contingency plans were being developed in the event this risk materialises.
- The Group supported the continued use of a risk-based approach to inspections, which was seen as more effective and proportionate, and was being recognised as best practice by other UK regulators.

The Committee:

- **Thanked** the Chief Executive for the update.
- **Noted** that a **further** update would be provided at its November 2025 meeting.   **ESO**

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16.0   HORIZON SCANNING (AUDIT SCOTLAND AND CIPFA PUBLICATIONS)

The Internal Auditor highlighted the following publications from Audit Scotland:

- Delivering for the Future: Responding to the Workforce Challenge
- NHS in Scotland: Spotlight on Governance
- Annual Audits

17.0   AUDIT AND RISK COMMITTEE HIGHLIGHTS TO THE BOARD

The Committee **agreed** that the following should be included in its update to the Board at its meeting to be held on 25 September 2025:   **ESO**

- Item 9: The positive Internal Audit Report received on the Care Inspectorate's approach to Environmental Sustainability
- Item 11: Recommendations regarding the Annual Report and Accounts and the Committee's annual report to the Board (subject to agreement at the further meeting scheduled for immediately before the Board meeting).
- Item 13: The Committee's positive assurance regarding the Digital Delivery and Change programme.

20.0   SCHEDULE OF COMMITTEE BUSINESS 2025/26

The Committee **reviewed, updated** and **agreed** its Schedule of Business.   **ESO**

21.0   ANY OTHER COMPETENT BUSINESS

There was no other competent business.

The Committee wished the Executive Support Officer (Anne Campbell) a happy retirement and thanked her for the valued contribution made she had throughout her time working at the Care Inspectorate.

22.0   CLOSE AND DATE OF NEXT MEETING

The Convener closed the meeting and thanked everyone for their participation.

The date of the next meeting was noted as 13 November 2025.

Signed:

Bill Maxwell
Convener

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