

Minutes

Meeting: Audit and Risk Committee

Date: 15 May 2025

Time: 10.30 am

Venue: Teams

Committee Bill Maxwell (Convener)

Members Ronnie Johnson

Present: Rona Fraser

Maria McGill

Paul Gray (from 11am)

In Attendance: 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))

Kenny Dick, Head of Finance and Corporate Governance (HoFCG)

David Archibald, Internal Auditor (IA)

Martha Dalton, Head of Digital Delivery and Change (MD) (for item 14 only)

Graeme Ferguson, Head of IT Service Delivery (GF) (for item 15 and 16 only)

Jenny Marshall, Board Cyber Champion (JM) (for item 15 only)

Janice Morgan-Singh, Information Governance Lead, (IGL) (for item 16 only)

Claire Brown, Executive Support Officer (ESO)

Apologies: Jackie Irvine, Chief Executive (CE)
Kevin Mitchell, Executive Director of Assurance and Improvement (EDoAI (KM))
Sarah McGavin, External Auditor (EA)
Sandy Denholm, External Auditor (EA)
Hannah Cloherty, External Auditor (EA)

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 13 MARCH 2025	The minute of the meeting held on 13 March 2025 was approved as an accurate record, subject to one amendment,
<ul style="list-style-type: none"> <li data-bbox="335 887 1181 956">Date of meeting minute to be updated to 13 March 2025 instead of 2024. 	ESO
5.0 ACTION RECORD OF MEETING HELD 13 MARCH 2025	The Committee reviewed and noted the updated action record subject to one amendment.
<ul style="list-style-type: none"> <li data-bbox="335 1185 1276 1219">Action Record to be updated to 2025. <li data-bbox="335 1221 1276 1581">Item 10.0 – Action was closed, but it was requested that a specific internal audit be commissioned on the Complaints Handling Process. The Internal Auditor noted that it was a separate piece of work that required a separate engagement letter, which would be issued this week. It could then be moved forward. It was also requested that the Audit and Risk Committee had sight of the Terms of Reference for complaints handling in regard to the Learning and Improvement Actions for the Childminding Case, it was agreed that it would be sent by correspondence to members. 	EDoCS
6.0 MATTERS ARISING	No items were raised.
7.0 INTERNAL AUDIT REPORT: FOLLOW-UP REVIEWS REPORT NO: ARC-01-2025/26	The Internal Auditor presented the report updating the Committee on the progress made since the last Audit and Risk Committee in March 2025.

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It was noted that of the six recommendations being reviewed, one had been fully implemented, four had been partially implemented and one with little or no progress to report.

It was also noted that there were some actions that were beyond their previously agreed date, but which had proposed amended dates that had been agreed with management.

The Committee:

- **Accepted** the Internal Audit report on Follow-Up Reviews as at May 2025.
- **Approved** the revisions to implementation dates put forward by management.
- **Agreed** that a more realistic timeline of documents would be scheduled and provided by management to the Audit and Risk Committee to show approval at each stage of the process and give clarity of the timeline. Particular focus would be on the Code of Conduct and the Change Management reports.

EDoCS

8.0 INTERNAL AUDIT ANNUAL REVIEW - REPORT NO: ARC-02-2025/26

The Internal Auditor presented his annual report which provided the Committee with a summary of the internal audit work performed during the year 2024/25. The report provided a positive overall opinion on the Care Inspectorate's arrangements for risk management, control and governance. It also confirmed that the Care Inspectorate had proper arrangements in place to promote and secure Value for Money.

The audit work conducted during 2024/25 identified one area (workforce and operational planning) which was assessed as "requiring improvement" but other than this, no significant control weaknesses were identified.

In general, procedures were operating well in the areas selected, but a few areas for further strengthening or improvement were identified, and action plans had been agreed to address these issues.

It was also noted that Henderson Loggie would now be referring to the Global Internal Audit Standards as these had superseded the Public Sector Internal Audit Standards as a result of changes that had come into effect in January 2025.

The Committee:

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- **Noted** the Internal Auditor's Annual Review report for 2024/25 and the positive opinion on risk management, control and governance that it contains.

9.0 DRAFT STRATEGIC INTERNAL AUDIT PLAN 2025 TO 2028 – REPORT NO: ARC-03-2025/26

The Convener noted the re-appointment of Henderson Loggie for the next three years as the Internal Auditor for the Care Inspectorate.

The report presented by the Internal Auditor set out the proposed programme of internal audit activity for the financial years 2025/26, 2026/27 and 2027/28. The proposed three-year programme had been discussed by the Executive Team and some changes had been made in relation to the timing of specific reviews.

The Executive Director of Digital and Data briefed the meeting on the value of completing an assessment on the Registrations and Complaints App. It was discussed whether an internal audit would take place on the process of the Registration and Complaints App or if it would apply to the technology and all of the processes. It was noted that this area would be under a lot of pressure over the coming 12 months.

The Executive Director of Digital and Data suggested that this could be included in the Digital Transformation (Phase 2) internal audit that was due to take place in 2027/28, but there would still be interim updates to the Committee in the meantime via the Digital Delivery and DAAG updates.

The Committee:

- **Approved** the deferral of the post-implementation review of the App for Complaints and Registration which would be encompassed into the Digital Transformation (Phase 2) post implementation review, due to take place in 2027/28. IA
- **Approved** the Strategic Internal Audit Plan 2025 to 2028. IA
- **Agreed** that the timing of the Financial Sustainability report would be discussed with Strategic Management Group and Internal Audit regarding the rescheduling with the Debtors and Income report that was due in 2026/27. HoFCG

10.0 INTERNAL AUDIT REVIEW: TRAVEL AND EXPENSES – REPORT NO: ARC-04-2025/26

The Internal Auditor briefed the Committee on the report, which provided details of the review of the travel and expenses controls in place, and the extent to which these controls were operating effectively.

There were four internal audit objectives and assurance of “good” was provided against two objectives and “satisfactory” against the remaining two objectives. The overall assurance provided was “satisfactory”.

There were five recommendations at grade three identified through this review, all on reviewing procedures. All of these were accepted by management and actions and implementation timescales were set out.

The Committee:

- **Accepted** the Internal Auditor’s report on Travel and Expenses
- **Agreed** the management response and timescales.
- **Agreed** that the HoFCG would clarify with the Chair whether members were to seek approval prior to travelling to any Board or Committee event and issue clarification to the Committee.

HoFCG

11.0 INTERNAL AUDIT REVIEW: INSPECTOR WORKFORCE AND OPERATIONAL PLANNING – REPORT NO: ARC-05-2025/26

The internal auditor presented his report on this audit which had been carried out to assess the extent to which the data and models used to inform the inspector resource planning needs were robust. It had also reviewed the processes established which allowed analysis of workforce performance data in management decision making.

There were three internal audit objectives and assurance of “requires improvement” was provided against all three objectives. The overall assurance provided was “requires improvement”.

There were five recommendations identified through this review (three priority 2 and two priority 3). All of these had been accepted by management and implementation timescales were set out for Audit and Risk Committee approval.

The Committee welcomed the fact that the report also had a list of process issues together with recommendations for addressing these in the short-term, pending the more substantial improvements to processes which were expected to come about through the implementation of the digital transformation programme. There were

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12 issues on the list and a management response was provided against each issue.

A strategic risk was identified associated with balancing the implementation of the risk-based approach and statutory inspections, as well as the impact on meeting non-statutory inspection frequencies, but was not clearly defined in the Strategic Risk Register or the Strategic Management Group (SMG) risk register.

The Committee:

- **Accepted** the Internal Auditor's report on Workforce & Operational Planning.
- **Agreed** the management response to the recommendations and timescales.
- **Agreed** the management response to the list of shorter-term process Issues.
- **Agreed** to recommend to the Board that a new strategic risk be added to the risk register, along the lines recommend in this report.
- **Noted** that Committee member Paul Gray would be consulting with the Strategic Management Group about the new strategic risk that had been identified and was to assist in crafting a draft risk for the next review of the Strategic Risk Register at the Board Development Event on 5 June 2025.
- **Agreed** that the Executive Directors of Assurance and Improvement would look in more detail at new inspection staff being qualified with the digital aspects of the role, as well as training for existing staff.
- **Agreed** the Internal Auditor would provide an update on the 12 short term fixes and actions and provide some feedback on progress to the Audit and Risk Committee at the September 2025 meeting.

HoFCG/
PG

EDoAI

IA

12.0 INTERNAL AUDIT REVIEW: RISK MANAGEMENT – REPORT NO: ARC-06-2025/26

The Internal Auditor briefed the meeting on the outcome of the report, which provided details of the audit review of the systems in place relating to Risk Management.

There were three internal audit objectives and assurance of “good” was provided against one objective and “satisfactory” against the remaining two objectives. The overall assurance provided was “satisfactory”.

There were three recommendations identified through this review. All of these were accepted by management and actions and implementation timescales were set out for Audit and Risk Committee approval.

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It was noted that in terms of operational risk, a new Corporate Plan was being prepared. This would prompt a review of strategic risks and also operational risks relating to the annual business plans which would follow..

The Committee:

- **Accepted** the Internal Auditor's report on Risk Management.
- **Agreed** the management response and timescales.
- **Noted** that a quarterly meeting was to take place of the Strategic Management Group to review risk in further detail and link into the Assurance map with individual officers responsible for keeping their own particular areas up to date. A report would then be provided at each of the Audit and Risk Committee meeting with a progress update.

HoFCG

13.0 STRATEGIC RISK REGISTER AND ASSURANCE MAPPING – REPORT NO: ARC-07-2025/26

13.1 Strategic Risk Register

The Strategic Risk Register monitoring position was presented to the Audit and Risk Committee for review and discussion.

It was noted that under Strategic Risk 5, Operation Koper was moving on to the next stages and the Care Inspectorate was still involved with information requests from Police Scotland and COPFS.

It was also noted that Executive Director of Assurance and Improvement had provided a statement to the UK COVID Inquiry.

The Committee:

- **Agreed** to highlight the current risk monitoring position to the Board at its meeting on the 5 June 2025, and to have further discussion on the new risk identified under item 11 above at the annual review of the Strategic Risk Register.

14.0 DIGITAL DELIVERY AND CHANGE UPDATE REPORT – REPORT NO: ARC-08-2025/26

The Head of Digital Delivery and Change joined the meeting and briefed the Committee on this report, which provided an update on the progress of activities across Stages 1 and 2 of the Digital Delivery and Change team.

It was noted that a recommendation had been made to bring both Registrations and Complaints into scope of the Stage 2. This would improve user experience and data reporting by an established unified

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CRM system across the Care Inspectorate. This had been reviewed by the Project Board, the Technical Delivery Board, the Digital Assurance Advisory Group (DAAG), and Scottish Government Sponsor Team, all of whom had endorsed the approach.

The Committee was advised that the project remained in a strong position overall. Stakeholder engagement, particularly with external groups, had begun and was being accelerated to fully meet the Scottish Government Digital Scotland Service Standards (DSSS) review expectations. A change management strategy had been produced, and the recruitment of additional resource was ongoing to ensure sufficient capacity during rollout.

The Committee had a full discussion regarding the Complaints and Registrations App and why it was required to move both Apps over as part of Stage 2. It was noted by Executive Director of Digital and Data that during the journey of Stage 2 the impact and pressure that would be felt by the expectations growing on the team would be mounting and asked for the Committee's support.

The Committee:

- **Noted** the progress update and congratulated the team on the progress made to date
- **Noted** the expectations and pressure being placed on the digital transformation team and agreed to provide appropriate support where that would be helpful.

15.0 CYBER SECURITY UPDATE – QUARTER 4 2024/25 – REPORT NO: ARC-09-2025/26

The Head of IT Service Delivery and Jenny Marshall, Cyber Board Champion joined the meeting to contribute to discussion about the Cyber Security update report. This provided the Committee with a progress report from October 2024 (Q3) to March 2025 (Q4).

The report provided an update on the planned objectives to further develop the security maturity to a consistent Managed state through 2025. The issue of the annual Cyber Security Maturity assessment report (March 2025) concluded Phase 2 of the Security Improvement Plan. Phase 3 (2025-2027) would support a transition to the Scottish Public Sector Cyber Resilience Framework (PSCRF) for on-going assessment. The use of this new framework would align the Care Inspectorate with other Scottish public bodies.

It was noted that there had been several large-scale cyber-attacks in recent weeks and also that social care had been in the spotlight in the heightened media focus and therefore vigilance by all concerned was required.

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The Committee:

- **Noted** the information provided in the update and the continued high level of threat to cyber security present in the external environment.

16.0 SENIOR INFORMATION RISK OWNER ANNUAL REPORT 2024/25 – REPORT NO: ARC-10-2025/26

The Head of IT Service Delivery, and the Information Governance Lead and Data Protection Officer joined the meeting to present the SIRO annual report.

The report provided an overview of the key information governance activities and performance for financial year 2024/25 as a means of assurance that the Care Inspectorate complied with statutory and regulatory obligations.

Members noted that compliance in 2024/25 had remained high for the fulfilment of statutory requests. The team had also made good progress with obligations under the Public Records of Scotland Act (2011) to update and refresh the Records Management Plan.

Moving into 2025/26, it was noted that several opportunities to increase overall maturity in Information Governance had been identified. These included developing data protection impact assessments for vendors allowing the organisation to proactively manage third party data protection risk; work with IT colleagues to expand information security policy suite; and also integrate cyber security testing plans into the maturity model thereby strengthening disaster recovery plans.

The Committee:

- **Noted** the information provided in the update.
- **Noted** the clear and concise new format of the SIRO report.

17.0 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT 2024/25 – REPORT NO: ARC-11-2025/26

Head of Finance and Corporate Governance provided the Audit and Risk Committee with an annual overview of the operation of the Care Inspectorate's Counter Fraud, Bribery and Corruption Framework.

The report confirmed that there were no incidences of fraud, bribery or corruption identified in 2024/25. It was also noted that the Care Inspectorate would be participating in the National Fraud Initiative

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again this year so all data had been uploaded into the portal on 24 October 2024.

The Committee:

- **Noted** the information provided in the update.

18.0 HORIZON SCANNING (AUDIT SCOTLAND AND CIPFA PUBLICATIONS)

The Internal Auditor had been asked by several other clients for a presentation on the Global Internal Audit Standards which was offered for sharing with the Audit and Risk Committee.

The Committee:

- **Agreed** that the presentation should be sent to Audit and Risk Committee members offline.

IA/ESO

19.0 AUDIT AND RISK COMMITTEE HIGHLIGHTS FOR THE BOARD

The Committee **agreed** that the following should be included in the update to the Board at its meeting to be held on 5 June 2025:

- Discussion of the Draft Strategic Internal Audit Plan 2025-28
- Recommendation to the Board regarding a new risk to be placed on the strategic risk register regarding the issues raised in the Inspector Workforce and Operational Planning Report.
- Highlighting to the Board the Risk Management Report.

ESO

20.0 SCHEDULE OF COMMITTEE BUSINESS 2024/25

The Committee **reviewed** the Schedule of Business.

The Committee:

- Agreed that the AI update would be brought into line with the Cyber reporting and come at the same time to the Committee or integrated within it.
- Agreed that Delivery and Change Update Report was no longer required and would be deleted off the schedule.

ESO

21.0 ANY OTHER COMPETENT BUSINESS

It was noted that the August meeting would be held face to face as this meeting was to discuss the Annual Report and Accounts and the Annual Audit and Risk Committee report to the Board.

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- **Agreed** the August meeting was to be held face to face in Compass House, Dundee.
- **Agreed** that the September 2025 meeting was to be held online.
- **Raised** some concern about the quantity of papers for the meeting and noted that the Committee's annual effectiveness review should consider how this could be addressed in future.

ESO **EDoCS**

22.0 CLOSE

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

23.0 The date of the next meeting was noted as 14 August 2025 at Compass House, Dundee.

Signed:



Bill Maxwell
Convenor