



Minutes

Meeting: Audit Committee

Date: 19 June 2012

Time: 1.30pm

Venue: Rooms 0.18 and 0.24, Compass House

Present: Michael Cairns, Convener
Theresa Allison
David Wiseman
Morag Brown
Sally Witcher
Ian Doig

In Attendance: Annette Bruton, Chief Executive
Frank Clark, Chair
Gordon Weir, Director of Resources
Kenny Dick, Finance and Procurement Manager
Robert Mackenzie, Scott-Moncrieff
James Thomson, Scott-Moncrieff
Esther Scoburgh, Audit Scotland
Pamela Hill, Secretary
Henry Mathias, Registration Manager (for item 9)
Karen Anderson, Director of Operations (for item 10)
Gill Ottley, Director of Operations (for item 11)

Apologies: Cecil Meikeljohn

Item	Action
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1.0 APOLOGIES FOR ABSENCE

Apologies for absence were noted as above.

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2.0 DECLARATION OF INTEREST

There were no declarations of interest.

3.0 MINUTE OF PREVIOUS MEETING – 20 MARCH 2012

The minute of the previous meeting of 20 March 2012 was approved as an accurate record.

4.0 MATTERS ARISING

There were no matters arising.

**5.0 INTERNAL AUDIT ANNUAL REPORT 2011-12
REPORT NO: A-02-2012**

Robert MacKenzie introduced this annual report on the Care Inspectorate's previously agreed Internal Audit Plan for 2011-12. Overall the report showed a positive control environment.

The report was discussed and the following aspects were highlighted:

- B9 Governance Audit Visit Memo - the reference to planned assessments on page 10 should be removed as these would not have been appropriate within the first year. **IAs**
- Follow up mechanisms were in place and all areas recommended for improvement would be followed through in 2012-13 by the internal auditors to ensure these were being addressed by the organisation.

The Committee:

- Noted the report, subject to the required amendment.

**6.0 INTERNAL AUDIT FOLLOW-UP REVIEW 2011-12
REPORT NO: A-03-2012**

Robert MacKenzie introduced this report and advised that, with the exception of recommendations with agreed revised timescales, all recommendations due to be implemented had been completed. The number of outstanding recommendations for C1 Complaints handling noted on page 2 should be 0 rather than 2 as noted. This error would be amended. **IAs**

The report was discussed and the following aspects were highlighted:

- It was agreed that future reports should provide a reference to previous reports where these were superseded. **IAs**

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- All management action points and timescales were agreed with management.

The Committee:

- Noted the report subject to the amendment on page 10.
- Noted that future reports would provide a reference to previous reports where these were superseded.

**7.0 STRATEGIC INTERNAL AUDIT PLAN 2011-14 & ANNUAL INTERNAL AUDIT PLAN 2012-13
REPORT NO: A-04-2012**

Robert MacKenzie introduced this report, which was a resubmission due to members' comments recorded at the last meeting, which had been incorporated.

The report was discussed and it was noted that any references to SCSWIS should be changed to Care Inspectorate unless required as part of the Act.

IAs

The Committee:

- Noted the report subject to the required amendments.

**8.0 INTERNAL AUDIT PLAN 2012-13 PROGRESS REPORT
REPORT NO: A-05-2012**

Robert MacKenzie introduced this report and advised that an updated version would be submitted to each Audit Committee.

The Committee:

- Noted the report.

**9.0 C.2. REGISTRATION
REPORT NO: A-06-2012**

James Thomson introduced this report. The audit review had identified issues of quality control in ensuring all key stages of the registration process had been completed. Key documentation had not been completed in almost one in five registrations.

The report was considered and the following aspects were discussed:

- The registration process was also the starting point for the risk process, and established and influenced the risk of performance.
- Non-completion of the Risk Assessment Document (RAD) for some of the new registrations. Reassurance was provided that this was an issue of definition of terms rather than practice. The registration process was in essence the

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- assessment of risk and the RAD was procedural.
- A report explaining the risk assessment process for registration and variations with proposals should be presented to the Audit Committee on 25 September 2012. This should be done in liaison with the internal auditors.
- Significant ICT development in relation to the RAD could cause displacement of another priority development. If this was required then an alternative assessment procedure should be temporarily put in place as the Care Inspectorate must ensure 100% compliance in risk analysis.
- An interim Registration work plan and production of management information linking to the corporate outcomes as noted under recommendations 1.1 and 4.1 should be put in place prior to the completion of the structural review.
- Assessing the financial viability of a registering service provider was not within the Care Inspectorate's remit. However, the organisation did endeavour to deal with any glaring issues of financial viability but did not have the capability to provide ongoing assurance post-registration.

The Committee:

- Noted the report.
- Noted a report on the risk assessment process for registration and variations would be presented to the Audit Committee on 25 September 2012.

**10.0 C.4. DUTY OF USER FOCUS
REPORT NO: A-07-2012**

James Thomson introduced this report. The report was discussed and it was noted that the reference to the Involvement Strategy that had been approved by the Board on 14 June 2012 would be included within the report.

IAs

Congratulations should be passed to the involvement team.

Sec

The Committee:

- Noted the report subject to the required amendment.

**11.0 FOLLOW UP OF C3 RISK ANALYSIS AND INTELLIGENCE
STRATEGY DEVELOPMENT
REPORT NO: A-08-2012**

James Thomson introduced this report, which was a follow up to the report presented to the Audit Committee on 20 March 2012.

The report was discussed and it was noted that:

- There was no management action plan but this report had been agreed with management and accountability could be

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assured and good progress had been made.

- The clear recommendations to the Board were helpful. Whilst the topic of risk assessment and intelligence was primarily for the Strategy and Performance Committee, the Audit Committee maintains an interest through its monitoring process.

The Committee:

- Noted the report.
- Accepted the recommendations to the Board.

**12.0 EXTERNAL AUDIT PROGRESS UPDATE
REPORT NO: A-09-2012**

Esther Scoburgh introduced this report, which provided Audit Committee with an update on the progress of the external audit as at 29 May 2012.

As internal and external audit had conducted a significant audit on governance and the role of the Board respectively, it was confirmed that this information would be shared between each organisation.

The Committee:

- Noted the report.

**13.0 SSSC AND CI KEY CONTROLS REPORT 2011-12
REPORT NO: A-10-2012**

Craig Watson introduced this report, which identified that systems of internal control were operating effectively.

The Committee:

- Noted the report.

**14.0 DRAFT AUDIT COMMITTEE ANNUAL REPORT TO THE
BOARD AND DRAFT ANNUAL GOVERNANCE STATEMENT**

**14.1 Draft Audit Committee Annual Report to the Board
Report No: A-11-2012**

The Finance and Procurement Manager introduced this report, which highlighted areas that the Committee may wish to consider, and detailed the timetable for the agreement of the report.

The Annual Report to the Board would be approved at Audit Committee on 25 September 2012 prior to its submission to a Special Board along with the 2011-12 Annual Report and Accounts.

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The report was discussed and it was noted that section 11 should be expanded to note the benefits for people who use services and their carers.

F&PM

The Committee:

- Reviewed and commented on the draft Audit Committee Report to the Board.
- Noted the report subject to the required amendment.

**14.2 Draft Annual Governance Statement
Report No: A-12-2012**

The Finance and Procurement Manager introduced this report, which provided details of the new Annual Governance Statement that had replaced the Statement on Internal Control in the Annual Report and Accounts.

The report was discussed and it was noted that:

- The description of the significant change in budget assumptions that took place during 2011-12 should be enhanced.
- The Chief Executive's contract of employment stated that the role included that of Accountable Officer. Detailed responsibilities of the Accountable Officer were set out in a Memorandum from the Principal Accountable Officer of the Scottish Government.

F&PM

The Committee:

- Approved the format of the Annual Governance Statement.
- Noted that in the Committee's opinion the Annual Governance Statement has been prepared in accordance with the Scottish Public Finance Manual guidance and that all significant issues had been appropriately disclosed.
- Approved the opinion on the Annual Governance Statement as set out in the draft Audit Committee Report to the Board.
- Noted the report subject to the required amendment.

**15.0 REVIEW OF FRAUD POLICY AND RESPONSE PLAN
REPORT NO: A-13-2012**

The Director of Resources introduced this report which presented the fraud prevention policy and response plan for consideration by the Audit Committee.

The report was discussed and it was noted that:

- The policy and response plan should be extended to refer to whistle blowing. There could be a low-level element of fraud in any organisation, therefore, a statement of support to

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- employees including zero tolerance should be clarified.
- The required revisions would be reflected in the SSSC's fraud prevention policy and response plan due to the shared services element of both organisations. **Sec**

The Committee:

- Noted the policy and response plan subject to the required amendment.

16.0 KPI VERBAL UPDATE

The Director of Resources provided a verbal update of the Audit Committee's KPI session held on 12 June 2012. The session had been successful in developing and identifying key performance and quality indicators which management were now progressing. The resulting KPIs and QIs would be presented to Audit Committee on 25 September 2012 for ratification.

The Committee:

- Noted the verbal update.
- Noted the KPIs and QIs would be presented to Audit Committee on 25 September 2012 for ratification.

17.0 AOCB

There was no other business.

18.0 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 25 September 2012, Room 0.24, Compass House, Dundee at 1.30pm.

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