

## Minutes

**Meeting:** Audit Committee

**Date:** 3 October 2012

**Time:** 1.30pm

**Venue:** Rooms 0.18 and 0.24, Compass House

**Present:** David Wiseman, Convener  
Theresa Allison  
Morag Brown  
Sally Witcher  
Cecil Meikeljohn

**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  
Kirsty Connolly, Scott-Moncrieff  
Brian Howarth, Audit Scotland  
Craig Watson, Audit Scotland  
Christal Schneider, Secretary  
David Cumming, Director of Operations, (Programming, Co-operation and Registration) (Item 14)  
Karen Anderson, Director of Operations, (Planning, Assurance, Public Reporting) (Items 8 & 15)  
Ingrid Gilray, Policy & Research Officer, (Items 8 & 15)

**Apologies:** Mike Cairns  
Ian Doig

**1.0 APOLOGIES FOR ABSENCE**

Apologies for absence were noted as above.

**2.0 DECLARATION OF INTEREST**

There were no declarations of interest.

**3.0 MINUTE OF PREVIOUS MEETING – 19 JUNE 2012**

The minute of the previous meeting on 19 June 2012 was accepted as an accurate record subject to one amendment.

**4.0 MATTERS ARISING**

The Convener advised that any matters arising would be addressed under the agenda items.

**5.0 INTERNAL AUDIT PLAN 2012-13 PROGRESS REPORT  
REPORT NO: A-14-2012**

Robert Mackenzie introduced the report, which reviewed those audits performed to 30 September 2012. The audits outstanding were those due to commence this quarter. B10 Business Information Strategy was moved to Q4.

The Committee:

- Noted the report.

**6.0 A3 INCOME AND DEBTORS  
REPORT NO: A-15-2012**

James Thomson introduced the report and advised that there were two areas for improvement: Debt write-off and Review of aged debt.

In respect of debt write-off, a request had been submitted to the Sponsor Department to request confirmation that the current practice of viewing write off limits at individual invoice level remained acceptable. This was to clear up potential ambiguity in delegated write off limits where a service provider had multiple debts. The Sponsor Department's response was awaited.

The Committee:

- Noted the report.

**7.0 A5 TREASURY AND CASH MANAGEMENT  
REPORT NO: A-16-2012**

James Thomson introduced the report, which reviewed the audit of the Care Inspectorate's processes and procedures for treasury and cash management. Key controls were in place and where improvements were suggested, steps had been taken to address these. The value of all petty cash floats had been reviewed. All floats had been reduced except in HQ due to the higher demand for petty cash relating to events.

The Committee:

- Noted the report.

**8.0 B8 PERFORMANCE MANAGEMENT AND KPI'S  
REPORT NO: A-17-2012**

Kirsty Connolly introduced the report, which looked at the Care Inspectorate's arrangements for performance measures, quality indicators and key performance indicators. This was discussed in more detail under item 15 – Performance Management Framework 2012-13 and 2013-14.

The Committee:

- Noted the report.

**9.0 EXTERNAL AUDIT PROGRESS UPDATE  
REPORT NO: A-18-2012**

Brian Howarth introduced the report, which provided the Audit Committee with an update on the progress of the external audit as at 20 September 2012.

The Committee:

- Noted the report.

**10.0 REPORT TO THOSE CHARGED WITH GOVERNANCE ON  
2011-12 AUDIT  
REPORT NO: A-19-2012**

Craig Watson introduced the report and highlighted the following two areas to members:

- Pension Disclosure - the presentation of pension costs in the unaudited financial statements was changed as part of a general drive to promote consistency of presentation within the public sector.
- Bad Debt Provision/Write-off – a disclosure note was added to the draft accounts to reflect the fact that Southern Cross had entered liquidation after the balance sheet date.

Version: 3	Status: <i>Approved 6 December 2012</i>	Date: 31 December 2012
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The External Auditors thanked the Finance team for their support during the audits.

The Committee:

- Noted the report.

**11.0 ROLE OF BOARDS FOLLOW UP  
REPORT NO: A-20-2012**

Craig Watson presented the report advising that the review was to assess the progress of boards within the larger public bodies and to improve the performance and operation of boards. The following points were highlighted:

- The agendas and minutes of Board meetings were not included on the website timeously.
- For the purposes of continuity there was potential risk that there was no formal vice Chair in place

The Chair advised that a proposal to appoint a Vice Chair to the Board would be brought to the 18 December 2012 Board.

**Chair**

The Director of Resources would ensure the Board minutes and agendas were uploaded to the website.

**DoR**

There was positive feedback relating to the user and carer involvement on the Care Inspectorate Board.

The Committee:

- Noted the report.

**12.0 DRAFT ANNUAL REPORT AND ACCOUNTS 2011-12  
REPORT NO: A-21-2012**

The Finance and Procurement Manager introduced the report, which highlighted the Care Inspectorate's annual report and accounts for 2011-12. The Committee discussed the report and the Convener requested that any typographical changes be forwarded to the Finance and Procurement Manager for amending, as appropriate.

The Chief Executive advised that a different format of a separate standards and quality report had been proposed from 2013-14.

The Finance and Procurement Manager advised that the SSSC held a separate session for members to discuss the annual report and accounts. A similar session could be offered to the Care Inspectorate for the 2012-13 and subsequent Annual Report and Accounts.

**Sec/FPM**

Version: 3	Status: <i>Approved 6 December 2012</i>	Date: 31 December 2012
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The Committee:

- Noted the report.
- Agreed that in future years a separate session would be held for members to discuss the Annual Report and Accounts.
- Acknowledged the work done by the Finance team.

**13.0 DRAFT AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD  
REPORT NO: A-22-2012**

The Finance and Procurement Manager presented the report, which summarised the work of the Audit Committee during 2011-12 and recommended that the Board approved the Annual Report.

The Committee:

- Noted the report and was content that the report be submitted to the Board.

**14.0 RISK ASSESSMENT PROCESS FOR REGISTRATIONS AND VARIATIONS  
REPORT NO: A-23-2012**

The Director of Operations (Programming, Co-operation and Registration) and the Registration Manager introduced the report. The following aspects were highlighted:

- The report explained, in a broader context, the risk assessment process.
- An ICT specification was produced to make the risk assessment process more sophisticated and to introduce a traffic light system.
- Section 4.1 of the report showed some of the risks identified.
- Account was taken of the regulatory history of the service provider.
- The CIPFA proposal would be brought to a future committee.
- Item 9, last bullet of the minute of the 19 June 2012 meeting was to be noted that it was within the Care Inspectorate remit to assess the financial viability of care service providers.

**DoR**

**Sec**

The Committee:

- Noted the report subject to the amendment to the minute of the 19 June 2012 meeting.

**15.0 PERFORMANCE MANAGEMENT FRAMEWORK 2012-13  
AND 2013-14  
REPORT NO: A-24-2012**

The Director of Operations (Planning, Assurance & Public Reporting) and the Policy and Research Officer introduced the report. The following aspects were highlighted:

- The Care Inspectorate was now at the stage where an online performance management system would be implemented.
- The Executive Team would receive quarterly reports on KPIs.
- Some KPIs were new and some were already in existence.
- The performance indicators were discussed in detail, with the Policy and Research Officer noting the recommended changes to the report. Significant points were:
  - There was direct correlation between KPI 2 and KPI 3.
  - QI 1 represented a significant step forward.
  - KPI 4 was a new KPI.
  - KPI 6 should ensure that appropriate action was taken at the Complaints Sub Committee.
  - KPI 9 would need further work as a new risk assessment tool was being considered.

The Committee:

- Noted that the finalised report would be brought back to Audit Committee for ratification.
- Agreed to the Strategic Performance Management arrangements.
- Agreed that the report and all appendices, and the minute of this meeting be submitted to the Board.

**16.0 AUDIT RECOMMENDATIONS PROGRESS REPORT  
REPORT NO: A-25-2012**

The Finance and Procurement Manager introduced the report and advised that a more rigorous system had been devised to report on outstanding recommendations.

The Committee agreed that it was not necessary for this level of detail to be reported to Committee. The Executive Team should consider the detailed breakdown and only exception reporting should be reported to the Committee.

The Committee:

- Noted the progress made to date.
- Noted the Executive Team would look at the audit

Version: 3

Status: *Approved 6 December 2012*

Date: 31 December 2012

recommendations in more detail.

**17.0 PROCUREMENT OF INTERNAL AUDIT SERVICES UPDATE  
REPORT NO: A-26-2012**

The Finance and Procurement Manager presented the report, advising that the procurement process was underway. Mike Cairns and David Wiseman would represent the Audit Committee during the procurement process.

The Committee:

- Noted the report.

**18.0 AOCB**

There was no other competent business.

**19.0 DATE OF NEXT MEETING**

The date of the next meeting was confirmed as 6 December 2012 at 3.00pm in rooms 3.15 and 3.16 of the Musselburgh Office.

Signed:



Mike Cairns  
Convener

