



Minutes

- Meeting:** Audit Committee
- Date:** 23 September 2014
- Time:** 1.30pm
- Venue:** Room 0.5, Compass House, Dundee
- Present:** Mike Cairns, Convener of the Committee
Ilan Doig
Linda Pollock
Cecil Meiklejohn
- In Attendance:** Paul Edie, Chair
Annette Bruton, Chief Executive
Gordon Weir, Director of Corporate Services
Kenny Dick, Head of Finance and Corporate Governance
Peter Lindsay, Audit Scotland
Neil Reid, Audit Scotland
Robert MacKenzie, Scott-Moncrieff
Pamela Hill, Administrative Assistant
Karen Anderson, Director of Strategic Development (for item 10)
- Apologies:** Christine Dunlop, Board Member
James Thomson, Scott-Moncrieff

Item	Action
1.0 APOLOGIES FOR ABSENCE	
Apologies for absence were noted as above.	
2.0 DECLARATION OF INTEREST	
Linda Pollock declared her interest as a Member of the Accounts Commission.	

Version: 2	Status: <i>Draft</i>	Date: 16 October 2014
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Paul Edie declared an interest in item 8 as he was a member of the SSSC Council.

Ian Doig declared an interest in item 11 as he was a Board Member of the National Records of Scotland.

3.0 MINUTE OF MEETING HELD ON 18 JUNE 2014

The minute of the meeting held on 18 June 2014 was approved as an accurate record.

4.0 MINUTE OF MEETING HELD ON 27 AUGUST 2014

The minute of the meeting held on 27 August 2014 was approved as an accurate record.

5.0 ACTION RECORD OF MEETING HELD ON 27 AUGUST 2014

The action record of the meeting held on 27 August 2014 was discussed and updated.

The Chief Executive advised that action 15.2 from 18 June 2014 had not been completed and would circulate the document without delay.

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Immediate**

6.0 MATTERS ARISING

There were no matters arising.

7.0 INTERNAL AUDIT PLAN 2014-15 PROGRESS REPORT

Robert MacKenzie introduced the report, which provided information to the Audit Committee on the internal audit work performed to 15 September 2014.

Members noted the significant level of progress. It was clarified that the proportion of recommendations agreed by management against the target was not yet achieved because this reflected the small data set sample at this point in the year.

The Committee:

- Noted the progress report.

8.0 C4. SHARED SERVICES

Robert MacKenzie introduced the report, which considered the extent to which the Care Inspectorate demonstrated that it provided value for money through its shared services arrangements with the SSSC. The report provided a full contextual background of the development of the shared

Version: 2	Status: <i>Draft</i>	Date: 16 October 2014
------------	----------------------	-----------------------

services. There were challenges in monitoring the performance of such closely integrated services and in demonstrating the value of the shared services provision.

During discussion the following aspects were highlighted:

- The financial aim was that shared services were provided on a cost recovery basis.
- The publication of this report would feed into the revised Shared Services Strategy and Action Plan, which would be submitted to 3 December 2014 Resources Committee.
- The majority of shared services costs were straightforward to calculate, however, costing the ICT provision was more difficult. The Service Level Agreement (SLA) was almost at the stage for sign off by the two chief executives. This audit identified the need to have the SLA formally in place, however, the letter of comfort, procedures and working arrangements already in place were working well.
- The Chief Executive had not been interviewed for the review and this should be borne in mind for future reports.
- The term 'front line staff' differed for each organisation and could benefit from clarity in future reports.
- Both organisations worked together well on developments, such as implementing the new Pulse system.
- Scott-Moncrieff accepted that management had not agreed to recommendation 4.1 as management had to be able to deliver any recommendations they accepted for action.
- When discussing shared service provision with other bodies, Scott-Moncrieff made reference to the Care Inspectorate and the SSSC as how to make shared services work well.

The Committee:

- Noted the report.

9.0 CONSIDERATION OF THE ANNUAL REPORT AND ACCOUNTS

9.1 Combined ISA260 Report to those Charged with Governance and Annual Report on the Audit

Peter Lindsay introduced the report and advised that the audit was substantially complete. There had been no modifications to the proposed Independent Auditors Report (Appendix A). During the audit process, there had been presentational changes and amendments were also made around the management commentary. Audit Scotland was content with all the management responses to the key audit risks.

Version: 2	Status: <i>Draft</i>	Date: 16 October 2014
------------	----------------------	-----------------------

During discussion the following aspects were highlighted:

- Financial strategy was perhaps the wrong terminology to use in the first audit risk as the Care Inspectorate could not predict Grant-in-Aid as this was determined by the Scottish Government. The Resources Committee was discussing the usefulness of a three year financial strategy to support the Corporate Plan and this would involve financial scenario planning over the medium term.
- The continuity and disaster recovery plans noted in the fourth risk were now highly developed but had not yet been submitted to Committee.

The Committee:

- Noted the combined report.

9.2 Draft Audit Committee Annual Report to the Board

The Convener introduced the draft report and advised that Committee had commented on this previously and it had been amended on the basis of previous discussions.

The Committee:

- Approved the report for submission to the 24 October 2014 Board.

9.3 Annual Report and Accounts

The Convener introduced the draft Annual Report and Accounts and advised that Committee had commented on this extensively and it had been amended on the basis of previous comments.

The Committee:

- Approved the Annual Report and Accounts for onwards consideration by the 24 October 2014 Board.

10.0 IMPROVING OUR SCRUTINY FOLLOWING REQUIREMENTS: SOME PROPOSED CHANGES TO PRACTICE AND REPORTING – REPORT NO: A-07-14

The Director of Strategic Development introduced the report, which appraised the Committee of some early work around the use of requirements and how the Care Inspectorate could improve its scrutiny and improvement activities to enable more targeted use of resources and stronger assurance and protection.

Version: 2	Status: <i>Draft</i>	Date: 16 October 2014
------------	----------------------	-----------------------

She advised that during 2013-14, almost 7000 requirements (which were statements that set out what a registered care service must do to comply with the relevant Legislation) were made by inspectors on inspection.

As part of the Care Inspectorate's performance management framework, the number of requirements met was monitored. KPI3, introduced in 2013, measured requirements met within timescales. This had been challenging to meet as the only way requirements could be followed up was by inspection.

The concern was that rather than following up on low risk requirements, inspection follow ups could be more productively targeted to the higher risk situations.

The report proposed changes to the current regime.

The Committee:

- Noted the challenges and opportunities of the current KPI3.
- Agreed to the immediate review of KPI3 to enable more accurate corporate performance reporting and targeting of finite resources.
- Agreed that follow up on requirements and the methods used would be determined by risk-based intelligence, safeguarding of vulnerable people and targeting of resources to provide assurance and protection.
- Noted that this development will be encompassed within the programme approach for developing new scrutiny methodologies.

11.0 AUDIT RECOMMENDATIONS PROGRESS REPORT – REPORT NO: A-08-2014

The Head of Finance and Corporate Governance introduced the report, which advised members of the implementation of agreed management responses to internal audit recommendations, due to be implemented on or before 31 July 2014. All recommendations were progressing appropriately and members were content with the explanations for those still in progress.

There was discussion on the outstanding Estates Strategy Action. The Committee noted that an office post-move checklist had been developed and that, following the next office move, an evaluation report would be submitted to the Committee. On that basis, it was agreed that all estates strategy recommendations were complete.

Version: 2	Status: <i>Draft</i>	Date: 16 October 2014
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The Committee:

- Noted the progress made to date.
- Agreed that all estates strategy recommendations could be considered complete.

12.0 SCHEDULE OF COMMITTEE BUSINESS

The Schedule of Committee Business was reviewed and updated.

13.0 HORIZON SCANNING (INCLUDING AUDIT SCOTLAND PUBLICATIONS)

13.1 Scotland's Public Finances Follow-up: Progress in Meeting the Challenges

The Director of Corporate Services introduced Audit Scotland's follow up report on the state of Scotland's finances. The report noted that all public bodies should be strategically planning their spending needs, however, this was challenging as the Care Inspectorate's medium-term funding position was not always clear.

On the topic of outcomes budgets, it was noted that the Head of Finance and Corporate Governance had carried out work in previous years to map out expenditure against corporate objectives. It was easier to match budgets to strategic objectives but harder to measure these against outcomes. The management development programme would be discussing these aspects and this would be considered by the Resources Committee at an appropriate time.

The report discussed the benefits of benchmarking and it was noted that the Care Inspectorate was developing benchmarking with other similar bodies.

The Committee:

- Noted the report.

13.2 Scotland's Public Sector Workforce – Care Inspectorate Response - Report No: A-09-14

The Head of Finance and Corporate Governance introduced the report, which contained an assessment of the Care Inspectorate's current performance against Audit Scotland's good performance guide on Scotland's Public Sector Workforce and set out how the Care Inspectorate intended to develop workforce and management training planning.

Version: 2	Status: <i>Draft</i>	Date: 16 October 2014
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It was noted that the workforce planning project initiation document would be submitted to the Executive Team by the end October 2014 prior to being considered by the Resources Committee in 2015.

The Committee:

- Noted the report.

14.0 AOCB

There was no other competent business.

15.0 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 28 November 2014 at 1.30pm in rooms 0.7 & 0.8, Compass House, Dundee.