

## Minutes

**Meeting:** Audit Committee

**Date:** 12 June 2015

**Time:** 1.30 pm

**Venue:** Room 0.24, Compass House, Dundee

**Present:** Mike Cairns, Convener  
Ian Doig  
Christine Dunlop  
Cecil Meiklejohn  
Linda Pollock

**In Attendance:** Paul Edie, Chair  
Karen Reid, Chief Executive  
Gordon Weir, Director of Corporate Services  
Kenny Dick, Head of Finance and Corporate Governance  
Peter Lindsay, Audit Scotland (except item 20)  
Neil Reid, Audit Scotland (except item 20)  
Robert MacKenzie, Scott-Moncrieff (except item 20)  
Susan Mackay, Scott-Moncrieff (except item 20)  
Anne Forsyth, Directorate Support Officer

Item	Action
	The Convener welcomed everyone to the meeting, particularly Karen Reid attending her first Committee as Chief Executive.
<b>1.0 APOLOGIES FOR ABSENCE</b>	
	There were no apologies.
<b>2.0 DECLARATION OF INTEREST</b>	
	The following declarations of interest were noted:
	<ul style="list-style-type: none"><li>Linda Pollock in respect of holding the position of member of the Accounts Commission.</li></ul>

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
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- Paul Edie, Chair in respect of holding the position of SSSC Council Member.

### **3.0 MINUTE OF MEETING HELD ON 18 MARCH 2015**

The minute of the meeting held on 18 March 2015 was approved as an accurate record.

### **4.0 ACTION RECORD OF MEETING HELD ON 18 MARCH 2015**

The action record of the meeting held on 18 March 2015 was discussed and updated. **DSO**

### **5.0 MATTERS ARISING**

#### **5.1 Update from Complaints Committee**

The Complaints Committee at its meeting on 28 May 2015 had identified a number of risks, including reporting on Key Performance Indicator (KPI) 6b and the Director of Corporate Services confirmed that the process for allocating and monitoring such risk would be considered at the Board Development Event on 26 June 2015. **DoCS**

#### **Internal Audit Reports**

### **6.0 INTERNAL AUDIT FOLLOW-UP REVIEW**

Scott-Moncrieff presented the report that provided the Committee with the annual follow-up review summarising the progress made by the Care Inspectorate's management in implementing the agreed management actions. The following points were noted:

- That there had been total of 23 recommendations agreed and that 19 were classed as 'complete' and four classed as 'not yet due'.
- That in relation to the Information Governance recommendations, management would consider if this could be completed earlier, and provide the Committee with a briefing note in advance of the next meeting. **DoCS**

The Committee:

- Noted and took assurance from this helpful report.

### **7.0 INTERNAL AUDIT ANNUAL REPORT 2014/15**

Scott Moncrieff presented the report that provided the Committee with conclusions and key findings for the internal audit work

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

undertaken at the Care Inspectorate during the year ended 31 March 2015. The following points in particular were noted:

- That there had been 11 internal audit reviews completed during 2014/15, seven of the 11 were submitted in standard report format and the remaining four as consultancy style reports.
- That it was very helpful to see everything in one place and the progress made.
- That since the audit, there had been progress made with implementing the business continuity planning action plan.

The Committee:

- Noted and took assurance from the report that the governance, risk management and internal control arrangements that were in place at the Care Inspectorate were adequate and effective.

## **8.0 STRATEGIC INTERNAL AUDIT PLAN 2013/16 AND ANNUAL INTERNAL AUDIT PLAN 2015/16**

Scott-Moncrieff presented the internal audit plan 2015/16 in the context of the three-year strategic internal audit plan for the period 2013/16. The following points in particular were noted:

- That the plan had been presented in draft to the previous Committee and had been updated to reflect comments and amendments.
- That the audit timetable summarised the dates of the reviews which had been agreed with management and that this ensured more targeting and control over the timing to enable deadlines to be met.
- That there were two changes to be made to the timetable in respect of 'sponsors'.
- That it would be prudent to undertake a Health and Safety review and that this would need to be included early in 2016/17.
- That the issue of ICT would be discussed at the Annual Strategic Risk Register session, particularly in relation to unauthorised access to the Care Inspectorate's systems.
- That as good practice, the Committee should have a private meeting with the internal auditors once a year and that this should be built into the schedule of business.
- That the internal audit performance indicators would be submitted to the Head of Finance and Corporate Governance for onward circulation to the Committee.

**DSO**

**S-M**

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

The Committee:

- Approved the Strategic Internal Audit Plan 2013/16 and Annual Internal Audit Plan 2015/16 subject to the above amendments.

## **9.0 B1 INTELLIGENCE STRATEGY**

Scott-Moncrieff presented the report which set out the review of arrangements and plans in place at the Care Inspectorate for embedding the intelligence strategy. The following points were noted:

- That there had been four business objectives agreed with management which assessed the extent to which the Care Inspectorate had met each of the objectives.
- That as work had been underway in introducing the intelligence strategy, it had been agreed that the findings of the review would be presented as a consultancy-style report.
- That there had been four business objectives agreed with management against which the Care Inspectorate was assessed.
- There were three recommendations made, each had been agreed with supporting commentary provided by management.

The Committee:

- Noted the report.

## **10.0 C6 DEVELOPMENT OF REGULATED SERVICES INSPECTION METHODOLOGY**

Scott-Moncrieff presented the report which set out the review of the statutory changes to regulated services to ensure that the development of any new methodologies had met requirements. The following points in particular were noted:

- That there had been six business objectives agreed with management when the review was planned.
- That the development of inspection methodology was the biggest change programme for the Care Inspectorate to date.
- That the risks relating to the development of inspection methodology would be discussed and updated as appropriate at the Annual Risk Register session due to take place on 26 June 2015.

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

- That provided the programme of works continued to progress as outlined in the project documentation, the approach adopted by the Care Inspectorate would support the development of a risk-based, intelligence-led inspection framework.

The Committee:

- Noted the report.

## **11.0 B6 BENCHMARKING**

Scott-Moncrieff presented the report that provided the Committee with the review of progress made to date and provided advice to management on the controls that were expected to be in place. The following points in particular were noted:

- That the Care Inspectorate was in the process of developing its benchmarking arrangements, and the report was designed to make suggestions and recommendations to further enhance the work underway.
- That Scott-Moncrieff had recommended a short audit review and had been included in the following year's audit plan to assess progress.
- That the Resources Committee, at its meeting on 12 June 2015, had been provided with an update on the Care Inspectorate's benchmarking work, particularly around its participation in the CIPFA VFM Indicators Scheme and work with Welsh counterparts.

The Committee:

- Noted the report and the work in progress.

## **12.0 C10 EXTERNAL STAKEHOLDERS**

Scott-Moncrieff presented the report which set out the review of the Care Inspectorate's arrangements for engaging with its external stakeholders. The following points were noted:

- There was evidence to conclude that the commitment to effective engagement with external stakeholders was embedded as part of the culture of the organisation.
- That there had been four control objectives with no recommendations resulting from the audit.
- That the Care Inspectorate had demonstrated a diverse and robust approach to engaging with external stakeholders.

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

- That the Care Inspectorate's commitment and approach to identifying, involving key external stakeholders and monitoring engagement was established and embedded and supported their delivery of its strategic objectives.

The Committee:

- Noted the report.

### **13.0 B7 PERFORMANCE MANAGEMENT**

Scott-Moncrieff presented the report which set out the review of the performance management arrangements in place, including the Care Inspectorate's Key KPIs and Quality Indicators (QIs) and the use of the new covalent system. The following points were noted:

- That the auditors had gained assurance that the Care Inspectorate had a performance management system in place that supported the achievement of its strategic objectives.
- That there had been five control objectives reviewed in the course of the audit.
- That there had been two recommendations made that had been accepted by management.
- That following discussion at the Resources Committee on 12 June 2015 regarding the number of completed staff appraisals, it had been agreed that in future, PULSE would be used to monitor completion of the Performance and Development Review Scheme.
- That the Care Inspectorate's KPIs were reported on regularly to both the Executive Team and Board.

The Committee:

- Noted the report.

### **External Audit Reports**

#### **14.0 Verbal Update from Audit Scotland**

Audit Scotland provided the Committee with a verbal update and the Committee noted the following helpful information:

- That the external audit of the annual account process would commence on 13 July 2015.
- That the Care Inspectorate had been provided with the latest Audit Scotland notes.
- That there would be a verbal update provided to the Committee at its next meeting on any issues arising from the audit.

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

## Items for Discussion/Information

### 15.0 ANNUAL REVIEW OF RISK REGISTER

The Director of Corporate Services updated the Committee on the developments undertaken in respect of the Risk Register. The following points were highlighted:

- That the Annual Review of the Strategic Risk Register would take place on 26 June 2015. This would include the topics of risk appetite and risk velocity.
- That the Head of Finance and Corporate Governance was developing proposals for an operational risk register.

The Committee:

- Noted the update and looked forward to the session on 26 June 2015.

### 16.0 DRAFT AUDIT COMMITTEE ANNUAL REPORT TO BOARD REPORT NO: A-08-2015

The Head of Finance and Corporate Governance presented the report which provided the Committee with the first draft of its Annual Report to the Board for review and comment.

The Committee:

- Considered the Draft Audit Committee Annual Report to the Board.
- Considered and commented on the draft Governance Statement that was required to be submitted with the Annual Accounts by the end of June 2015.
- Noted the timetable for submitting the report to the Board and agreed that it would consider the highlighted sections at its next meeting in August 2015.

All

### 17.0 CORPORATE GOVERNANCE GROUP REVIEW REPORT NO: A-06-2015

The Head of Finance and Corporate Governance presented the report that provided the Committee with a note of the first meeting of the member/officer Corporate Governance Review Group and an associated action plan. The following points in particular were noted:

- That the Board at its meeting in June 2014 approved the Code of Corporate Governance and set-up of a Corporate Governance Review Group.

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

- That the Convener was the member representative and the first meeting had taken place on 24 April 2015.
- That a paper copy of the revised version of the On Board document would be circulated to members with their June 2015 Board papers. DSO
- That the Chief Executive would confirm to the Committee who would be recommended as the Standards Officer. CE

The Committee:

- Noted the report, and in particular:
  - Noted that the following would be subject of reports to the Board:
    - the amended terms of reference with Reservation of Powers and Scheme of Delegation for Resources, Audit and Remuneration Committees to reflect Committee effectiveness sessions.
    - the investigation of the costs/benefits of the Corporate Governance Mark of Excellence Award.
    - the next revision to the Board Members' Code of Conduct, recommended to include a section on claiming remuneration and expenses.
  - The amendments to the Code of Corporate Governance and a proposal that Board Members' expenses should be published on the website in summary form.
  - Noted that the amended governance statement was considered and discussed at Item 16.
  - Did not approve members only pre-meetings.
  - That the Chair and Chief Executive would consider:
    - improving Board Member training.
    - the balance of skills available to the Board to be included at effectiveness sessions. Chair/CE

## 18.0 SCHEDULE OF COMMITTEE BUSINESS

The Committee noted and updated the Schedule of Committee Business and noted in particular:

- The addition of the Committee's private meeting with the Internal Auditors.
- Audit Scotland's update and reports for August and September 2015. DSO
- February and March 2016 dates to be re-itemised.

## 19.0 HORIZON SCANNING

The Director of Corporate Services highlighted a number of Audit Scotland reports that had been published since the last meeting

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
--------------	--------------------------	------------------

of the Committee in March 2015, in particular members attention was drawn to reports in relation to:

- The Scottish Fire and Rescue Service, 21 May 2015 and its findings in relation to the need for a long-term financial strategy.
- The Update on Developing Financial Reporting, 17 March 2015 and its conclusions around the case for financial transparency within a robust financial framework.

The Chief Executive confirmed that the topic of the Carers Bill and that updates would be reported to the Policy Committee, Resources Committee and Board in due course. The Audit Committee would be alerted to any risk as appropriate.

### **Confidential Item**

## **20.0 APPOINTMENT OF INTERNAL AUDITORS FROM 1 APRIL 2016 REPORT NO: A-07-2015**

The Head of Finance and Corporate Governance presented the report which sought Committee approval to commence a process to procure internal audit services for a four year period commencing 1 April 2016. Following consideration and full discussion, the Committee:

- Agreed that a procurement process should be commenced using a mini-tender exercise from the Crown Commercial Services Consultancy 1 framework contract.
- Agreed that this should be a joint procurement exercise with the SSSC.
- Noted that a tender specification would be submitted to the Committee's September meeting and that Ian Doig, Board Member offered to be involved in the specification development.

## **20.0 AOCB**

There was no other competent business.

## **21.0 DATE OF NEXT MEETING**

The date of the next meeting was confirmed as 28 August 2015 at 1.30 pm in Compass House, Dundee.

Signed:

Mike Cairns, Convener

Version: 3.0	Status: Approved 18.9.15	Date: 11/03/2015
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