

Minutes

Meeting: Audit Committee

Date: 27 May 2016

Time: 10.30 am

Venue: Room 0.24, Compass House, Dundee

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

In Attendance: Karen Reid, Chief Executive
Gordon Weir, Executive Director of Corporate and Customer Services
Kenny Dick, Head of Finance and Corporate Governance
Peter Lindsay (Audit Scotland)
Robert Mackenzie (Scott-Moncrieff)

Apologies: Paul Edie, Chair
Rami Okasha, Executive Director of Strategy & Improvement

Item	Action
1.0 WELCOME	
	The Convener welcomed everyone to the meeting.
2.0 APOLOGIES FOR ABSENCE	
	Apologies were received, as noted above.
3.0 DECLARATIONS OF INTEREST	
	There were no declarations of interest.

Version: 3.0	Status: <i>Approved 16.9.16</i>	Date: 16/09/16
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4.0 MINUTE OF MEETING HELD ON 11 MARCH 2016

Reference to the Audit Commission under item 16.0 of the previous meeting was queried and it was agreed that this would be checked to ascertain if it should be Audit Scotland instead. **CSO**

5.0 ACTION RECORD OF MEETING HELD ON 11 MARCH 2016

The action record from the previous meeting was reviewed and agreed.

6.0 MATTERS ARISING FROM MEETING HELD ON 11 MARCH 2016

There were no matters arising.

7.0 INTERNAL AUDIT FOLLOW-UP REVIEW 2015/16

Scott-Moncrieff presented the report which was the annual follow-up review on internal audit actions. The report summarised the progress made by the Care Inspectorate's management in implementing the agreed management actions.

The Committee noted that there were no recommendations classified as "incomplete", with 50% of the 24 recommendations either complete or not yet due. Members were assured that the internal auditors considered steady progress was being made by the Care Inspectorate and that there were no high risk recommendations outstanding.

The Committee was advised that, following agreement with the Executive Team, the follow-up review for 2016/17 would take a different approach and more regular review, on a quarterly basis, would take place. This, in turn, would mean more regular information on the audit monitoring process would be provided to the Audit Committee. The Committee's view was sought on this new approach and members confirmed their approval.

The Committee noted the report.

8.0 INTERNAL AUDIT ANNUAL REPORT 2015/6

Scott-Moncrieff presented the annual report, which summarised the conclusions and key findings from the internal audit work undertaken at the Care Inspectorate during the year ended 31 March 2016.

In total, eight internal audit reports had been completed during 2015/16:

- A1 - Financial systems healthcheck
- A3 - Estates
- B2 - Financial sustainability
- B3 - Legal support and advice
- B5 - Partnership working
- C2 - HR Recruitment arrangements
- C7 - Communication with stakeholders (internal)
- C9 - Inspection planning and delivery

The Committee received the internal auditors' opinion that the Care Inspectorate had a framework of controls in place that provided reasonable assurance regarding the effective and efficient achievement of objectives and the management of key risks.

The Committee noted the report.

9.0 STRATEGIC INTERNAL AUDIT PLAN 2016/17 TO 2018/19

The Committee's approval was sought on the strategic internal Audit Plan for 2016/17 to 2018/19, which was based on the proposed audits that had been presented to the Committee at its meeting on 11 March 2016. It was noted that the updated plan and associated assignment plans had been discussed and agreed by the Executive Team.

Members asked for clarification on the linkage between the plan and the 2015 Strategic Risk Register. The Executive Director of Corporate and Customer Services explained that the Plan had been linked to the current register, as the 2016 risk review had still to be confirmed by the Board. However, it was agreed appropriate to share the 2016 risk review information with the internal auditors.

The Committee was assured that, being a values-based organisation, the whole audit process was underpinned by the Care Inspectorate's values and principles. Members were also given assurance that the internal audit plan had covered all of the strategic risks, particularly high risk areas.

The Committee approved the Internal Audit Plan 2016-19 and associated assignment plans.

Version: 3.0	Status: <i>Approved 16.9.16</i>	Date: 16/09/16
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10.0 EXTERNAL AUDIT REPORTS

Audit Scotland provided a verbal update to the Committee. The annual Workforce Planning Performance Report was being finalised by Audit Scotland and it was agreed that an embargoed copy would be provided to the Care Inspectorate.

**Audit
Scotland**

The Committee was informed that the audit of financial statements would be completed by 4 July 2016, and no significant issues were foreseen. The external audit annual report would be submitted to the September meeting of the Audit Committee and it was noted that this would be the last report provided by Audit Scotland before the move to the new external auditors.

11.0 DEVELOPING NEW PERFORMANCE REPORTING MEASURES – REPORT NO: A-06-2016

The Chief Executive presented the report and the proposed new performance reporting measures. Development of the revised performance framework had started following the Board Strategic Event on October 2015 and had been taken forward through a short life working group. Two issues had been identified with the Care Inspectorate's current performance framework, namely the over-emphasis on statistical interpretations and also the quantitative presentation of KPIs, resulting in a drive to meet targets rather than give prominence to quality and outcomes of the organisation's work.

The Committee considered the recommendations put forward by the working group, which outlined a number of ways of improving the quarterly performance reports to the Board.

Members sought clarification on the continued need for statistical data to demonstrate that the Care Inspectorate was adhering to its scrutiny plan. The Chief Executive acknowledged that, as well as adopting a more qualitative approach to performance reporting, it would still be necessary to report on statistical measures. The proposed new framework would present a package of measures.

The Committee recommended consideration of other organisations' performance reporting, in particular the Scottish Ambulance Service where it was noted that the organisation used case studies in its reporting. The Chief Executive agreed that the Care Inspectorate's use of case studies, rather than just statistics, would help demonstrate the impact and outcomes for people.

The Committee recommended that downloading good practice guides on the Hub could also provide illustrative information.

Members recommended that the proposed new performance reporting framework should feature more emphasis on outcomes and it was agreed that an amended version would include additional measures in terms of improvement. The Chief Executive advised that it was important, however, that the Care Inspectorate did not “over-claim” its contribution to improvement, as any progress made in this area was on a multi-agency basis.

Members discussed the target for the percentage of complaints investigated within desired timescales and questioned whether the 80% target was too low. It was acknowledged that, while target-setting was a matter for the Board, consideration had to be given to the fact that complaints handling was not homogenous and therefore year-on-year comparisons would always require full explanatory narratives.

The Committee noted progress with the development work and agreed that a revised success reporting framework be presented to the Board in June 2016.

EDSI

12.0 ANNUAL REVIEW OF RISK REGISTER

The Executive Director of Corporate and Customer Services reported on progress with the 2016-17 Strategic Risk Register, following the Board review session on 18 March. The Committee received a paper that outlined the proposed revisions to the current risks and included two new risks. Members were invited to consider the initial proposals to enable further risk analysis work to be progressed by the Executive Team, before being re-submitted to the Committee. Alongside this, a reporting timeframe and operational risk review would be developed.

The Committee agreed that the 2016 draft strategic risks accurately summarised the Board’s discussion in March and recommended that the next stage in the development of the Strategic Risk Register proceed.

13.0 DRAFT AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD – REPORT NO: A-07-2016

The Head of Finance and Corporate Governance presented the proposals for the draft annual report and Corporate Governance Statement, both of which would be developed for final submission to the Board in September.

Members noted that, following discussion at the annual meeting of the Corporate Governance Review Group the previous week, the Governance Statement would be streamlined so as to reduce the number of bullet points under the heading “Key Elements of the Care Inspectorate’s Governance Arrangements”.

Version: 3.0	Status: <i>Approved 16.9.16</i>	Date: 16/09/16
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The Committee agreed with the proposed content and timetable outlined in the report.

The Committee recommended that more detail on the Appeals Sub-Committee be included on page 2 of the draft Corporate Governance Statement.

HFCG

The Committee noted that there had been no incidences of fraud identified during 2015/16.

14.0 SCHEDULE OF COMMITTEE BUSINESS

The Schedule was reviewed and it was agreed no amendments were required.

15.0 HORIZON SCANNING

The Executive Director of Corporate and Customer Services drew the Committee's attention to two recently published reports from Audit Scotland. The report "Reshaping Care for Older People – Impact Report" looked at the impact made by Audit Scotland's report that was first published in February 2014.

A new Code of Audit Practice had also been published which aimed to maximise the value and impact from public audit in Scotland.

16.0 IDENTIFICATION OF RISK

The Committee agreed that the meeting had addressed any identified risks.

17.0 AOCB

On behalf of the members and officers, the Convener thanked Robert Mackenzie of Scott-Moncrieff for his contribution to the work of the Committee and noted that his colleague, Gary Devlin, would attend future meetings.

18.0 DATE OF NEXT MEETING

The date of the next meeting, to cover the Annual Report and Accounts, was noted as Friday 19 August 2016 at 10.30 am in Compass House.

Signed:



Mike Cairns
Convener of Committee

Version: 3.0	Status: <i>Approved 16.9.16</i>	Date: 16/09/16
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