



Minutes

Meeting: Audit and Risk Committee

Date: 7 March 2024

Time: 10.30 am

Venue: Room 1.12, Compass House

Committee Members Present: Bill Maxwell (Convener)

Rona Fraser

Paul Gray (by Teams)

Ronnie Johnson

Maria McGill

In Attendance: Edith MacIntosh, Executive Director of Strategy and Improvement/Deputy Chief Executive (EDSI/DCE)
 Jackie Mackenzie, Executive Director of Corporate and Customer Services (EDCCS)
 Gordon Mackie, Executive Director of IT, Transformation & Digital (EDITTD)
 Kevin Mitchell, Executive Director of Scrutiny and Assurance (EDSA)
 Kenny Dick, Head of Finance and Corporate Governance (HoFCG)
 Claire Brown, Executive Support Officer (ESO)
 David Archibald, Internal Auditors, Henderson Loggie (IA)
 Pat Kenny, External Auditors, Deloitte (EA) (on Teams)
 Martha Dalton, Senior Transformation Business Owner (STBO) (joined for item 12.2 only) (by Teams)
 Graeme Ferguson, Head of IT Service Delivery (HoISD) (joined for item 13 only)

Apologies: Jackie Irvine, Chief Executive (CE)
 Sandy Denholm, External Auditors, Deloitte (EA)

Item **Action**

1.0 WELCOME

The Convener welcomed everyone to the meeting.

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2.0 APOLOGIES FOR ABSENCE

Apologies, as listed above, were noted.

3.0 DECLARATIONS OF INTEREST

There were no declarations of interest.

4.0 MINUTES OF PREVIOUS MEETING

The Committee reviewed and **approved** the minutes of the meeting held on 14 December 2024 as an accurate record.

5.0 ACTION RECORD OF MEETING HELD 14 DECEMBER 2024

An update was provided on the following items:

11.0 Internal Audit Review – Change Management – this was currently being reviewed by the Executive Team and would be submitted to the Strategic Management Group at their April meeting. A further update would be supplied at the next meeting of the Audit and Risk Committee.

6.0 Matters Arising – RAAC Concrete Issues - An update was provided by the Executive Director of Scrutiny and Assurance on the matter of RAAC concrete in registered care services. It was confirmed that Scottish Government had sent two letters – one to children’s services and the other to adult services making clear that it was the services’ responsibility to check for this and to seek support from relevant professionals. The Care Inspectorate had worked with Scottish Government on these letters which made clear that the Care Inspectorate would support any interim arrangements for alternative premises if that was needed. It was arranged for any issues to be reported to the Care Inspectorate through the E-Forms system. This was reinforced through the Provider Updates in January 2024. There had only been one service to date that had reported a RAAC issue. It was also noted that there were no instances of RAAC affecting premises occupied by the Care Inspectorate.

The Committee reviewed and **approved** the Action Record.

6.0 MATTERS ARISING

Issues arising from the recent incidence of a headteacher’s death by suicide after an inspection in England – The Executive Director of Scrutiny and Assurance provided an update on the current position. The Scrutiny and Assurance directorate had reviewed the Care Inspectorate’s Inspection Guidance when this issue first arose to ensure that there were appropriate references to expectation of staff when delivering feedback to services which was potentially difficult for

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them to hear, for example through ensuring appropriate support for the manager and empathetic understanding.

The Professional Development Award undertaken by all inspectors had also been reviewed. Following further media coverage of this over the festive period, the Executive Director of Scrutiny and Assurance submitted a proposal to the Executive Team for mental health first aid training to be provided to Inspectors similar to that provided to Ofsted Staff, which had been approved.

Fraud Investigation – The Head of Finance and Corporate Governance updated the Committee that a full update of item 17 of the December 2023 meeting would be produced at the next meeting of the Committee on 30 May 2024.

HoFCG

7.0 INTERNAL AUDIT REPORT: FOLLOW UP REVIEWS – REPORT NO: ARC-30-2023/24

The internal auditor presented the report which set out the status of all internal audit recommendations that had not been formally evaluated as fully implemented.

With regards to the recommendation for refresher training, under risk management, the Head of Finance and Corporate Governance confirmed that the recording of the presentation had now been completed.

Members noted that progress had been made on the development of new resource models, and work to finalise was continuing. It was anticipated that completion would slip beyond the revised date of 31 March 2024, with a suggested revised date of 30 June 2024. The Committee **agreed** to this revised date.

With regard to the recommendation to procure alternative systems, arising from the internal audit of business continuity, an initial session was planned with Scrutiny and Assurance for 21 March 2024, with subsequent sessions with identified staff and an update of the Green Pack by 30 June 2024. The Committee **agreed** to a revised implementation date of 30 June 2024.

The report noted that the recommendation under the review of change management, which referred to the establishment of a business change steering group, was subject to an update from management on revised timescales. A paper was due to be presented at the SMG meeting in March that would include organisational approach to Change Management. The Committee **agreed** to the revised implementation date of 31 March 2024.

As noted above, the Committee **agreed** to the revised implementation dates for the outstanding internal audit recommendations.

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**8.0 DRAFT ANNUAL INTERNAL AUDIT PLAN 2023/24
ARC-31-2023/24**

The internal auditor presented the draft annual internal audit plan, which set out the internal audit assignments, subject areas and where possible, the outline scope and objectives together with the audit approach.

The Committee was advised that the remaining assignment scopes, objectives and audit approach would require discussions with senior management before they could be brought back to the Audit and Risk Committee for consideration in a final Annual plan for 2024/25.

The Committee provisionally **agreed** the 2024/25 assignment areas and noted that discussions to take place with management and the final Annual Plan for 2024/25 would be submitted to the Committee for approval at the 30 May meeting.

**9.0 INTERNAL AUDIT REVIEW: DIGITAL TRANSFORMATION
(PHASE 2 GOVERNANCE) - REPORT NO: ARC-32-2023/24**

The internal auditor presented a report on the governance of digital transformation phase 2, highlighting to the Committee that an overall assurance of “good” had been provided.

There was one priority three recommendation which management had agreed and which has an implementation date of 26 March 2024.

The Committee noted congratulations to the Business Transformation Team for a very positive internal audit outcome.

10.0 EXTERNAL AUDIT REVIEW: ANNUAL AUDIT PLAN 2023/24

The External Auditors provided two papers to the meeting.

The first was an External Audit Overview which provided the Committee with the key information regarding the roles of external audit, reporting routes, responsibilities of the Committee and key lessons learnt from 2023.

The second report, presented the plan for the Care Inspectorate audit this year. The external auditors noted that this would also cover the wider scope and would concentrate on financial sustainability of the Care Inspectorate in year two in line with all of public sector organisations in Scotland.

It was noted that management were content with what was being covered by external auditor and full transparency that everything was covered.

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Members of the Committee then requested clarification regarding the financial sustainability and sought assurance that the approach being taken was meaningful. It was agreed that, as an external auditor, constructive recommendations would be made, but there would be a focus on examining how the organisation was managing risk. Any observations on how to improve those arrangements would be reported . That was welcomed by the Committee.

11.1 STRATEGIC RISK REGISTER MONITORING REPORT NO: ARC-33-2023/24

The Committee discussed the Strategic Risk Register and whether Workforce Capacity, deployment and management should be added as a new item or integrated within other areas of the Risk Register. The Committee was reassured that this issue would be considered in the annual review of Strategic Risk.

Members noted that there were three risks on the register which were being sustained at Target Level and which should therefore be reviewed with regard to their continuing status as strategic-level risks. It was noted that the Annual Review of the risk register would be the opportunity to consider and agree whether they should be removed or retained.

The Committee **agreed** that it would be useful to discuss strategic risks items 1-4 with the Board, as there might be significant changes in the coming weeks and to discuss any implications that may require adjustment or removal from the register.

12. DIGITAL PROGRAMME UPDATES

12.1 DIGITAL STAGE 1 UPDATE – REPORT NO: ARC-34-2023/24

The Executive Director of IT, Transformation and Digital provided the Committee with a quarterly update on the progress of the Stage 1 delivery which covered Complaints, Registrations and The Register.

It was also noted that there had been a change made in the Stage 1 governance project and the Stage 1 Programme Board has now been replaced by a cross-organisational Steering Group which will help steer business priorities in line with the available delivery resources.

It was noted that the delivery of the Complaints App functionality to improve decision making regarding anonymous complaints had now commenced and there were a number of priorities being addressed in a 12 month rolling plan.

The Committee noted the good progress made to date by the team.

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12.2 DIGITAL STAGE 2 UPDATE – REPORT NO: ARC-35-2023/24

The Senior Transformation Business Owner presented the update report and briefed the Committee that Stage 2 was now in the mobilisation phase, continuing at pace during the quarter.

The committee noted that the internal project team was now almost fully resourced and that a delivery management partner has been identified. The next focus would be on the start of the service design. This had gone through the procurement process with preparation to on-board them by mid-March.

The Committee commended the team for the plan on a page and their excellent communications and staff engagement strategy to date.

The Committee asked about financial progress tracking. The Executive Director of IT, Transformation and Digital explained the rationale on current progress with the overall budget. He assured the committee that when anomalies had occurred in some months against planned expenditure, these did not impact the overall budget as this was being carefully monitored with the Finance department.

13.0 CONFIDENTIAL: CYBER SECURITY UPDATE Q4 2023/24 – REPORT NO: ARC-36-2023/24

The Head of IT Service Delivery presented the report which provided the Committee with the quarter 4 update on Cyber Security. The report provided an update on plans to develop the improvement plan through the next financial year and develop security maturity towards a managed state.

The Executive Director of IT, Transformation & Digital explained to the meeting the significant amount of work and effort that had been undertaken to achieve the current position, along with prudent spending to get the most out of the budget and a good level of maturity.

The Convener noted that the spider diagram provided in the report was very useful and clear for members to read and commended the team on the progress that had been made.

14.0 HORIZON SCANNING

The Head of Finance and Corporate Governance advised the meeting that a new CIPFA bulletin had been issued on Assurance and Audit Standards and the ESO would arrange to distribute the link by email.

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ESO

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15.0 AUDIT AND RISK COMMITTEE HIGHLIGHTS FOR THE BOARD

The Committee agreed that the following should be included in the update to the Board on 9 May 2024:

- The Committee’s agreement to the revised implementation dates of the outstanding internal audit recommendations.
- The very positive internal audit received on Digital Stage 2 Governance
- The Committee’s provisional approval of the internal audit plan for 24/25 and positive engagement with the external auditors on the external audit plan for the current year.
- The Committee’s view that the annual review of the Strategic Risk Register should specifically consider how issues of workforce capacity are included in the register, whilst also specifically reviewing the rationale for continuing to include, at strategic level, any items which were being successfully maintained at target level.

16.0 SCHEDULE OF COMMITTEE BUSINESS 2023/24

The Committee reviewed the schedule of business and agreed the following:

- Update the Internal Audit Report from 2022/23 to 2023/24
- Move the Annual Review of Committee Effectiveness to the 30 May 2024 meeting.
- Cyber Security Reports to be adjusted to October and May going forward.
- The private meeting with the External Auditors to be moved to the 3 October 2024 meeting.

ESO

17.0 ANY OTHER COMPETENT BUSINESS

No items raised.

**18.0 CLOSE OF BUSINESS AND DATE OF NEXT MEETING:
30 May 2024 at 10.30 am in Compass House, Dundee**

Signed:



Bill Maxwell, Convener

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