

Minutes

Meeting: Audit and Risk Committee

Date: 9 March 2023

Time: 10.30 am

Venue: Compass House Dundee

Present: Bill Maxwell, Convener
Rona Fraser
Ronnie Johnson
Maria McGill

In Attendance: Edith Macintosh, Executive Director of Strategy and Improvement (EDSI)
Jackie Mackenzie, Executive Director of Corporate and Customer Services (EDCCS)
Gordon Mackie, Executive Director of IT and Digital Transformation (EDIDT)
Kenny Dick, Head of Finance and Corporate Governance (HFCEG)
Claire Brown, Executive Support Officer (ESO)
David Archibald, Internal Auditor, Henderson Loggie (IA)
Graeme Ferguson, Head of IT Service Delivery (HITSD) (for Item only)
Karlyn Watt, External Auditor, Deloitte (EA)

Apologies: Paul Gray
Jackie Irvine, Chief Executive (CE)
Kevin Mitchell, Executive Director of Scrutiny and Assurance (EDSA)

Item **Action**

1.0 WELCOME

The Convener welcomed everyone to the meeting.

2.0 APOLOGIES FOR ABSENCE

Apologies were received as noted above.

Version: 1_0	Status: <i>Approved 25.05.2023</i>	Date: 16.03.2023
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3.0 DECLARATION OF INTERESTS

There were no declarations of interest.

4.0 MINUTES OF PREVIOUS MEETING

The Committee reviewed and approved the minute of the meeting held on 17 November 2022 as an accurate record.

5.0 ACTION RECORD OF THE MEETING HELD ON 17 November 2022

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

6.0 MATTERS ARISING

No matters arising

7.0 INTERNAL AUDIT REPORT 2022/23 – FOLLOW UP REPORT ARC-40-2022/23

The internal auditor presented the report which set out progress made since the last Follow Up review, which was reported at the meeting on 17 November 2022.

The Committee discussed Appendix 5 under Business Continuity, in which the revised implementation date remained to be confirmed. It was noted that due to legacy systems, there would be on-going work and it was discussed how this item would be drawn to a close. Internal Audit noted that, given that close consideration had now been given to mitigating the risk relating to legacy IT systems, and a subsequent addition to the Risk Register has now been agreed, then they would be happy for the recommendation to be recorded as being complete. The Committee discussed and agreed this action should be recorded as complete.

IA

The Committee was invited to accept the report and to approve any revisions to implementation dates put forward by management.

The Committee noted the good progress made and accepted the Internal Audit report on Follow Up Reviews as of 2 March 2023.

8.0 INTERNAL AUDIT REVIEW: INTERNAL AUDIT PLAN 2022/23 PROGRESS REPORT - ARC-41-2022/23

The internal auditors presented the Committee with a report on progress with the annual internal audit plan.

Members were advised of the deferral of the Shared Services, National Fraud Initiative, and the Change Management reviews. In

Version: 1_0	Status: <i>Approved 25.05.2023</i>	Date: 16.03.2023
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light of this management had requested that fieldwork be deferred on these reviews until April 2023, and they would then be submitted to the May Committee meeting.

The Committee asked if the deferrals would impact on the number of contracted audit hours for 2022/23 and were advised there would be no change in the number of days overall.

9.0 DRAFT ANNUAL INTERNAL AUDIT PLAN 2023/24- ARC-42-2022

The internal auditors presented the draft annual internal audit plan for 2023/24 and 2024/25 (with the latter subject to the extension of the internal auditors for one additional year) for approval by this Committee and the Board.

The Committee was invited specifically to comment on the topics to be covered during the coming year.

Management noted that the Digital Transformation review is now likely to overlap with an initial Gateway Review taking place. Internal audit accepted this and noted that they would be happy to work with management to agree a sensible scheduling of the IA work to ensure they complement each other.

The Committee also noted that internal audit could reconsider timing of the Fraud audit. This was noted by internal audit.

An updated version of the Internal Audit Plan, taking account of these discussions will be presented to the Committee's next meeting.

10.0 INTERNAL AUDIT REVIEW: PAYROLL – ARC-43-2022/23

Internal Audit presented the report of the joint Care Inspectorate/SSSC internal audit on the shared payroll service.

The Committee noted the overall level of assurance as "Satisfactory".

There were three grade 3 recommendations which had been accepted by management. Issues were primarily focused around ensuring that the work of sub-contractors did not require to be double checked by internal staff.

11.0 INTERNAL AUDIT REVIEW: PARTNERSHIP WORKING – ARC-44-2022/23

Version: 1_0	Status: <i>Approved 25.05.2023</i>	Date: 16.03.2023
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Internal Audit presented the report of Partnership Working to the Committee, which focussed on a review of the systems in place in relation to the development and delivery of partnership working arrangements.

The overall level of assurance is “Good”.

There is one grade 3 recommendation which has been accepted by management.

Members noted this was a good report, despite challenges on workload and staffing. Members noted that they took positive reassurance from the good working relationship the Care Inspectorate had with its partners.

12.1 STRATEGIC RISK REGISTER – REPORT NO: ARC-45-2022/23

The Head of Finance and Corporate Governance briefed the meeting on the updated Risk Register.

The Committee noted the changes, considered the current position and agreed to highlight the updated position to the Board at the next meeting.

12.2 ASSURANCE MAPPING

The Head of Finance and Corporate Governance verbally updated the meeting and noted for members to access the document via the enclosed link in the papers.

Members noted this and agreed to view outwith the meeting.

13.0 DIGITAL PROGRAMME UPDATE – REPORT NO: ARC-46-2022/23

The Executive Director of IT and Digital Transformation updated the meeting on the submitted report which covered Stage 1, Complaints, Registrations and The Register. The Committee noted that good progress continued to be made in a challenging environment.

In particular, the challenges of ensuring sufficient staffing were raised, given our inability to compete with commercial organisations on salary levels, although it was noted that the market for IT staff was softening slightly.

The Executive Director of IT and Digital Transformation noted to the meeting that the “critical friend” (a senior auditor) had been kept on in an advisory role for the current process, which had been a great help to the team. The Committee voiced their approval to that.

Version: 1_0	Status: <i>Approved 25.05.2023</i>	Date: 16.03.2023
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14.0 CYBER SECURITY ASSESSMENT UPDATE – REPORT NO: ARC-47-2022/23

Graeme Ferguson, Head of IT Service Delivery joined the meeting to brief the Committee on the Cyber Assessment Update. He provided a progress report on Cyber Security from October 2022 (Q3) to February 2023 (Q4). He also updated the Committee about plans to develop improvement plans for financial year 2023/24 with a view to establishing cyber security maturity at an appropriate Managed State.

He briefed the meeting on the updates and planned projects to achieve full cyber security maturity. It was proposed that it would now be appropriate to move to presenting update reports to the Audit and Risk Committee on a six-monthly basis going forward (mid and end of year reports).

The Committee discussed this and agreed that this would be acceptable going forward.

15.0 FRAUD INVESTIGATION – REPORT NO: ARC-47-2022/23

The Head of Finance and Corporate Governance briefed the meeting on an unusual example of fraud which had been identified through our relationship with the National Fraud Initiative. The issue had been resolved swiftly and it was noted that Audit Scotland had an interest in using this situation as an anonymised case study to alert other organisations.

The Committee discussed the report and members noted that it was a credit to the systems and partnerships involved that this was discovered.

16.0 HORIZON SCANNING – CIPFA AUDIT COMMITTEE UPDATE

The Head of Finance and Corporate Governance noted to the meeting that a new update had been published. He agreed to review this update and place it in the CIPFA folder for members to access if it is of relevance.

HFCG

17.0 AUDIT AND RISK COMMITTEE NARRATIVE TO THE BOARD

The Committee agreed the following matters should be included in its summary report to the Board Meeting of the 30th March 2023.

- The positive outcomes for the internal audits on Payroll and Partnership Working.
- The Committee’s approval of the annual internal audit plan subject to further discussion between internal auditors and management on scheduling.

Version: 1_0	Status: <i>Approved 25.05.2023</i>	Date: 16.03.2023
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- The Committee's continued oversight of the high-level strategic risks as identified in the Risk Register.
- An update to be provided on the Fraud Investigation to the Board.

18.0 SCHEDULE OF COMMITTEE BUSINESS 2023/24

The Committee reviewed the schedule of business for the new cycle and noted that the internal audit reviews are still to be confirmed with management on scheduling.

It was agreed by the Committee that the following reports were to be deferred to the May meeting, namely Shared Services, National Fraud Initiative and Change Management.

19.0 ANY OTHER COMPETANT BUSINESS

There was no other business

20.0 CLOSE OF BUSINESS AND DATE OF NEXT MEETING

The date of the next meeting was noted as Thursday 25 May 2023 at 10.30 am, to be held at Compass House, Dundee.

Signed:

Bill Maxwell, Convener

Version: 1_0	Status: <i>Approved 25.05.2023</i>	Date: 16.03.2023
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