



Minutes

Meeting: Audit Committee

Date: 18 March 2015

Time: 1.30 pm

Venue: Room 0.24, Compass House, Dundee

Present: Mike Cairns, Convener
Ilan Doig
Christine Dunlop
Cecil Meiklejohn (items 6-21)

In Attendance: Paul Edie, Chair
Annette Bruton, Chief Executive
Gordon Weir, Director of Corporate Services
Kenny Dick, Head of Finance and Corporate Governance
Dave McConnell, Audit Scotland (representing Peter Lindsay and Neil Reid, Audit Scotland)
Robert MacKenzie, Scott-Moncrieff (items 1-13)
Susan Mackay, Scott-Moncrieff (items 1-13)
Karen Anderson, Director of Strategic Development/
Depute Chief Executive (items 8-21)
Robert Peat, Director of Inspection
Anne Forsyth, Directorate Support Officer

Apologies: Linda Pollock, Board Member
Peter Lindsay, Audit Scotland
Neil Reid, Audit Scotland

Item	Action
The Convener welcomed everyone to the meeting, in particular Susan Mackay, Scott-Moncrieff who was attending her first meeting.	
1.0 APOLOGIES FOR ABSENCE	
Apologies for absence were noted as above.	

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2.0 DECLARATION OF INTEREST

There was no declaration of interest.

3.0 MINUTE OF MEETING HELD ON 28 NOVEMBER 2014

The minute of the meeting held on 28 November 2014 was approved as an accurate record subject to one amendment.

DSO

4.0 ACTION RECORD OF MEETING HELD ON 28 NOVEMBER 2014

The action record of the meeting held on 28 November 2014 was discussed and updated.

5.0 MATTERS ARISING

5.1 Item 10: Improving our Scrutiny Following Requirements

The Committee agreed to ask the Policy Committee to take-up this matter as a provider exercise and report back to the Audit Committee in Quarter 2 of 2015/16.

DoSD/DCE

5.2 Item 10: Schedule of Committee Business

The Director of Corporate Services confirmed that an update of the Strategic Risk Register would be provided at Item 17, however, a workshop was to be arranged for the Board to consider the Strategic Risk Register. The workshop would also incorporate the topics of risk appetite and risk velocity.

Internal Audit Reports

6.0 INTERNAL AUDIT PLAN 2014/15 PROGRESS REPORT

Scott-Moncrieff presented the report that provided the Committee with information on the internal audit work performed to 18 March 2015. The following points in particular were noted:

- That there were six reviews that were still to be completed and presented to Committee:
 - B1 Intelligence strategy
 - B6 Benchmarking
 - B7 Performance management
 - C1 Complaints handling
 - C6 Development of methodology
 - C10 External Communication
- That the Committee had been disappointed that its February 2015 meeting had been cancelled.

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- That the Committee was content in relation to the time delay in respect of the Inspection Arrangements audit as it had allowed a key piece of work to be undertaken by the Care Inspectorate.

The Committee:

- Noted the update and current progress against the 2014/15 Plan.

7.0 OUTLINE ANNUAL INTERNAL AUDIT PLAN 2015/16

Scott-Moncrieff presented the report for the on the proposed internal audit work for 2015/16. The Committee was asked to provide its view and comments on the areas outlined, identifying alternative areas for audit focus if appropriate. The following points in particular were noted:

- That the proposed Communication with Stakeholders (internal) review would be more effective to take place in Quarter 4, however scoping of the audit in Quarter 1 would be of benefit.
- That the number of planned audit days (46) was in-line with the overall contract.
- That the plan dovetailed well with Audit Scotland's work.
- That the date of the report should read 'February 2015'.
- That if the Care Inspectorate identified a key area that required a review, this would be considered on an individual case-by-case basis as the plan could be amended during the year.
- That there needed to be further explicit reference to the Risk Register in the plan.
- That the 'audit sponsor' in respect of the HR recruitment arrangements should read Director of Corporate Services.

The Committee:

- Noted the Outline Annual Internal Audit Plan 2015/16 and provided comments and amendments as above.

S-M

8.0 B4 CORPORATE PLANNING

Scott-Moncrieff presented the report which set out the high level review of corporate planning processes that were in place within the Care Inspectorate. There had also been analysis of the Care Inspectorate's use of Covalent software (a Planning and Performance Monitoring Tool that had been introduced). The following points in particular were noted:

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- That there had been assurance gained that the Corporate Planning processes at the Care Inspectorate were effective.
- That there had one recommendation which had been accepted by management.
- That the Corporate Plan took account of the views of the Board through an annual Board 'visioning exercise' which had been well received by the Board.
- That there had been assurance that the Care Inspectorate's main partner organisations and their opinions and had been considered in the planning process and that partnership working carried out with them was referred to throughout the Plan.
- That the recommendation in relation to 'efficient use of Covalent' was sufficiently time-bound and was part of an on-going process of oversight by a Programme Board.

The Committee:

- Noted the report.

9.0 A4 EFFICIENCY SAVINGS

Scott-Moncrieff presented the report which set out the review to ensure that arrangements were in place to enable the Care Inspectorate to identify and monitor the reporting of efficiency savings. The review also considered the impact efficiency saving arrangements may have on the strategic priorities of the Care Inspectorate. The following points in particular were noted:

- That this was a very positive report.
- That there had been four control objectives, with two recommendations, that had been accepted by management.
- That appropriate targets were set and monitored in terms of delivering efficiency savings in line with Scottish Government's expectations.

The Committee:

- Noted that the arrangements in relation to 'documenting the implications of a saving' would be determined by the Resources Committee.
- Noted the report.

10.0 B10 REVIEW OF INSPECTION ARRANGEMENTS (WITH COVERING REPORT FROM DIRECTOR OF INSPECTION – REPORT NO: A-05-2015)

The Director of Inspection presented the report which provided the Committee with the management response to the main

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conclusions of the Internal Audit Report of the Review of Inspection Arrangements. After full and detailed discussion, with the Committee giving particular attention to risk, the following points in particular were noted:

- That there had been a number of areas suggested in the review where the Care Inspectorate could make improvements to its existing arrangements.
- That the Care Inspectorate was addressing these areas to embed a more effective and efficient inspection process going forward.

The Committee:

- Was concerned at the serious issues covered by the review.
- Agreed that the full management response informed the Committee that there had been significant work undertaken to address the issues.
- Agreed that the Chair and the Chief Executive would confer and advise on the way forward in terms of full Board involvement on the topic.

Chair/CE

11.0 C3 BUSINESS CONTINUITY PLANNING

Scott-Moncrieff presented the report which set out the review of the Business Continuity Management arrangements of the Care Inspectorate. The following points were noted:

- That there had been five recommendations that had been accepted by management.
- That there had been management objections to the classification of recommendation 5.1, however, until the business continuity plan had been tested, the Care Inspectorate remained exposed to a degree of avoidable risk.

The Committee:

- Was assured that there was a programme in place for the testing of the business continuity arrangements and that good progress was being made.
- Noted the report and was clear about reasons and responses received from both management and auditors.
- Would be advised once the Business Continuity testing regime was in place.

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External Audit Reports

12.0 ANNUAL AUDIT PLAN 2014/15

Audit Scotland presented the report which summarised the key challenges and risks faced by the Care Inspectorate and set out the audit work that was proposed for the 2014/15 Annual Report and Accounts. The following points in particular were noted:

- That the planned work included:
 - An audit of the financial statements.
 - A review and assessment of the Care Inspectorate's governance and performance arrangements in a number of key areas.
 - A review of National Fraud Initiative arrangements.
 - A review of local impact of national studies.
- That the specific audit issues and risk were in relation to:
 - Business and continuity and disaster recover management.
 - Payroll and Human Resource Managed Service (PULSE).
- That the agreed fee for the 2014/15 audit was £31,200.

The Committee:

- Noted the Draft Annual Audit Plan 2014/15.

Items for Discussion/Information

13.0 AUDIT RECOMMENDATIONS PROGRESS REPORT REPORT NO: A-02-2015

The Head of Finance and Corporate Governance presented the progress report on the implementation of agreed management responses to internal audit recommendations. The report was based on management actions due to be implemented on or before 31 January 2015. The following point was noted:

- That all except one recommendation had been completed, which was the Service Level Agreement with the SSSC which had been expected to be signed by 28 February 2015.

The Committee:

- Noted the progress to date.

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**14.0 EXTENSION OF APPOINTMENT OF INTERNAL AUDITORS
REPORT NO: A-02-2015**

The Head of Finance and Corporate Governance presented the report which sought Committee approval to extend the appointment of the Internal Auditors for a further one year period from 1 April 2015. The following points in particular were noted:

- That following a competitive tendering process, a contract for the provision of internal audit services was awarded to Scott-Moncrieff for an initial period of two years, with the option to extend for a further two one year periods. The initial two year contract period ended on 31 March 2015.
- That the longer-term position would be reviewed during quarter 1 of 2015/16 with a further report considering internal audit services for 2016/17 onwards to be presented to Committee at their June 2015 meeting. This timeframe potentially allowed for a procurement exercise to be undertaken for internal audit services to be sourced from 1 April 2016 if required.

The Committee:

- Agreed to recommend to the Board that the first one year contract extension option with Moore Stephens (operating as Scott-Moncrieff in Scotland) was exercised. This would extend the current internal audit services contract to 31 March 2016.
- Noted that a report would be submitted to the Audit Committee in June 2015 setting out options for Internal Services from 1 April 2016 and beyond.

HoF&CG

**15.0 PERFORMANCE FRAMEWORK 2015/16
REPORT NO: A-03-2015**

The Director of Strategic Development/Depute Chief Executive presented the report which proposed a Performance Framework for 2015/16 for agreement by the Audit Committee. The following points in particular were noted:

- That there were some significant changes proposed which had been identified from a number of different events which included:
 - Management Development Programme discussions on performance measurement and management.
 - A focus group on performance measures.
- That, in summary, following these above events, and other discussions, it was proposed to develop the Care Inspectorate's performance reporting approach to place more emphasis on some of the narrative around the

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qualitative aspects of work. This would help show not only the volume of work and whether stated targets were being met, but also the difference the Care Inspectorate's work made to many people using care in Scotland, which was less easily conveyed by numerical measures. To achieve this, the Quality Indicators which reported on improvement work, would be enhanced to include case studies that illustrate the Care Inspectorate's impact and contribution to building the capability of the sector, leading to good quality care and outcomes for people who use care services, their family and carers.

- That in addition, the Executive Team had agreed that instead of having generic inspections in 2015/16, several different types of 'scrutiny and improvement interventions' would be introduced and that the methodology changes which would commence from 1 April 2015, would mean changes to the performance measurement framework.

The Committee:

- Discussed and approved the proposed changes to the Performance Framework for 2015/16.

**16.0 ANNUAL REVIEW OF PREVENTION OF FRAUD AND BRIBERY POLICIES
REPORT NO: A-04-2015**

The Director of Corporate Services presented the report which provided the Committee with the Prevention of Fraud Policy and its associated Response Plan along with the Prevention of Bribery Policy for the annual consideration. The following point was noted:

- That the title of the report should be amended to read 'Prevention of Fraud and Prevention of Bribery Policies.

DSO

There was further discussion in relation to the systems of internal control in respect of the Prevention of Fraud Policy.

The Committee:

- Considered and approved the Prevention of Fraud Policy and Response Plan
- Considered and approved the Prevention of Bribery Policy.

17.0 UPDATE OF STRATEGIC RISK REGISTER

The Director of Corporate Services updated the Committee on the progress being made in terms of the 2015/16 Strategic Risk Register.

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The Committee:

- Noted that there would be a Board Development Event arranged for all Board members to consider and contribute to the Register.

18.0 SCHEDULE OF COMMITTEE BUSINESS

The Committee noted the Schedule of Committee Business.

19.0 HORIZON SCANNING

The Chief Executive highlighted to the Committee the Scottish Election that would take place in 2016 and to the probability of a comprehensive spending review later in 2015.

20.0 AOCB

There was no other competent business.

21.0 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 12 June 2015 at 1.30 pm in Compass House, Dundee.

Signed:

Mike Cairns
Convener