



Minutes

- Meeting:** Audit Committee
- Date:** 27 August 2014
- Time:** 1.00pm
- Venue:** Room 2.01, Compass House, Dundee
- Present:** Mike Cairns, Convener of the Committee
Ian Doig
Christine Dunlop
Linda Pollock
- In Attendance:** Annette Bruton, Chief Executive
Gordon Weir, Director of Corporate Services
Kenny Dick, Head of Finance and Corporate Governance
Peter Lindsay, Audit Scotland
Neil Reid, Audit Scotland
Pamela Hill, Administrative Assistant
- Apologies:** Paul Edie, Chair
Cecil Meiklejohn, Board Member
Robert MacKenzie, Scott-Moncrieff
James Thomson, Scott-Moncrieff

Item	Action
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1.0	WELCOME
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The Convener welcomed everyone to the meeting.

The Director of Corporate Services apologised for the inconvenience caused by the incorrect time noted on the agenda and thanked members for rearranging their schedules to accommodate the meeting.

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2.0 APOLOGIES FOR ABSENCE

Apologies for absence were noted as above.

3.0 DECLARATION OF INTEREST

Linda Pollock declared her interest as a Member of the Accounts Commission.

4.0 DRAFT AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD

The Head of Finance and Corporate Governance introduced the draft report, which had been discussed at the previous committee and now included the programme of Audit Committee meetings, as requested.

Members discussed the revised report and the significant points highlighted were:

- The management responses to audit recommendations were included within the internal audit reports. There had been no actions or responses which the Committee disagreed with.
- Reference to fraud had been included at section 5.0 as there had been no incidences of fraud. If there had been any instances of fraud then this would be recorded in a separate fraud report.
- As the organisation had a duty to provide Best Value, management were asked to consider including reference to this or the Best Value regime.

The Committee:

- agreed that the following changes should be made to the report:
 - 4.0 – The 31 January 2014 Committee Effectiveness business description should make reference to the checklist and cross reference to section 6.1.
 - 8.0 – 2nd para, 2nd sentence should read “ ...Care Inspectorate staff and the Audit Committee, and good integration with internal audit and external audit.”
 - 13.0 – 2nd sentence should read “The Audit Committee has a significant role to play ...”
- asked management to consider including reference to Best Value or the Best Value regime.
- noted that the revised report would be submitted to the next meeting on 23 September 2014.

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5.0 DRAFT ANNUAL REPORT AND ACCOUNTS

5.1 Annual Report

The Chief Executive provided a short introduction, explaining that this was the second year that the Annual Report had been presented in this format, following agreement by the Board that it would be shortened to include only those aspects that the Care Inspectorate were required to report on. There was less descriptive reporting as this was now included within “Improving care in Scotland”, first published in January 2014 and which had been well received by stakeholders. This year’s Annual Report would be easier to read.

The KPIs and QIs were still included in the Annual Report but were now discussed in a way which clearly showed performance over the previous year and were displayed to reflect the Corporate Plan’s six strategic objectives.

During discussion it was highlighted that:

- This was a good report, which reflected well on the organisation, focussing on the outcomes for people using services.
- Whilst the Annual Report noted the Duty of Cooperation, the partnerships with the SSSC and other bodies would be highlighted in the more descriptive report.

The Committee:

- agreed that the following changes should be made to the Annual Report and Accounts:
 - the appendices should include a list of the QIs.
 - the text on page 19 should reflect the table on page 120.
 - The employee numbers on pages 33 and 34 should be clarified as head count or FTE.
 - there should be appropriate footnotes clarifying revenue funding from grants and grant in aid referred to on pages 37, 38 and 104.
- agreed that the assurance provided by the programme of internal audit, which aided quality assurance should be added to the Audit Committee Annual Report to the Board.
- asked management to consider:
 - more referencing to the appendices and cross referencing to tables.
 - rewording QI7 as it was not clear on the prioritisation of the actions aimed at improving inconsistency such as specialist teams.
- noted that the revised report would be submitted to the next meeting on 23 September 2014.

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5.2 Financial Aspects Subject to Audit

The Head of Finance and Corporate Governance introduced the section of the report relating to the financial aspects subject to audit and clarified:

- 1.8 – Sustainability report:
 - Travel was an inevitable part of the business in order to inspect services and engage with service users. The Care Inspectorate was, therefore, not hitting government targets for carbon emissions relating to travel.
 - “Greyfleet” was where staff used their own vehicles to travel on business.
 - Carbon management was now overseen as part of the Resources Committee remit.
 - Travel was able to be analysed in more detail than ever before now that Pulse had been implemented.
- 3.1 - Remuneration report:
 - pages 49-53 were not subject to audit.
 - the tables on pages 55 and 57 included a new column for pensions benefits. “n/a” was noted where calculations could not yet be made as these required two full years of payments.
- the long list of the key elements of governance on pages 66-68 of the Governance Statement would hopefully be shortened for future years.
- 7 – Financial accounts:
 - The financial statements presented from page 78 onwards were expressed in the required format.
 - the significant liability in the Statement of Financial Position was the pension deficit. This deficit was managed over time by employer contribution rates and could also be mitigated by the performance of investments. The change of moving to average salary pensions from April 2015 would also help to mitigate this deficit.
 - the Statement of Cash Flows reflected the removal of non-cash items.

The Committee:

- agreed that the following changes should be made to the Annual Report and Accounts:
 - The introduction on page 89 should be reworded to clarify the initial expectations of a reduction in budget and staff when the Care Inspectorate was created.
 - The guidance and best practice documents listed on page 69 should note the authors and publication dates.

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- noted the report provided a very good demonstration of financial management.

5.3 External Audit Progress on the Audit of Financial Statements

Peter Lindsay, Audit Scotland advised the Committee that no significant adjustments had been required and thanked the team for providing high quality papers, which enabled a very smooth audit.

Audit Scotland's approach had changed and so they now had the responsibility to supply the approved Annual Report and Accounts to Sponsor for laying before Parliament. Audit Scotland would also monitor when the accounts were laid before Parliament and inform the Care Inspectorate when this happened.

The Committee:

- noted that the revised Annual Report and Accounts would be submitted to the next meeting on 23 September 2014.

6.0 DATE OF THE NEXT MEETING

The date of the next meeting was confirmed as 23 September 2014 in Compass House, Dundee at 1.30pm.

Signed:

Mike Cairns
Convener