

Minutes

Meeting: Audit Committee

Date: 27 November 2015

Time: 1.30 pm

Venue: Room 0.24, Compass House, Dundee

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

In Attendance: Paul Edie, Chair
Karen Reid, Chief Executive
Kenny Dick, Head of Finance and Corporate Governance (representing Gordon Weir, Director of Corporate Services)
Neil Reid, Audit Scotland (except item 16)
Robert MacKenzie, Scott-Moncrieff (except item 16)
Michael Smith, Scott-Moncrieff (except item 16)
Anne Forsyth, Directorate Support Officer

Apologies: Gordon Weir, Director of Corporate Services
Peter Lindsay, Audit Scotland

Item	Action
The Convener welcomed everyone to the meeting, particularly Michael Smith, Scott-Moncrieff who was attending his first meeting of the Committee.	
1.0 APOLOGIES FOR ABSENCE	
Apologies for absence, as listed above, were noted.	
2.0 DECLARATION OF INTEREST	
There was no declaration of interest.	

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3.0 MINUTE OF MEETINGS HELD ON 18 SEPTEMBER 2015

The minute of the meeting held on 18 September 2015 was approved as an accurate record.

DSO

4.0 ACTION RECORD OF MEETING HELD ON 18 SEPTEMBER 2015

The action record of the meeting held on 18 September 2015 was discussed and updated.

DSO

5.0 MATTERS ARISING

5.1 There were no matters arising.

Internal Audit Reports

6.0 INTERNAL AUDIT PLAN 2015/16 PROGRESS REPORT

Scott-Moncrieff presented the report which provided the Committee with information on the internal audit work performed to the end of August 2015 and summarised its progress against the 2015/16 Plan.

The Committee:

- Noted the report.

7.0 A1 FINANCIAL SYSTEMS HEALTHCHECK

Scott-Moncrieff presented the report which set out the high level review of the financial controls in place at the Care Inspectorate. The following point was noted:

- That the four control objectives were all assessed as 'green' and there were no recommendations to management.

The Committee:

- Noted the report.

8.0 A3 Estates

Scott-Moncrieff presented the report which set out the review of the Estates Management Plan and the controls surrounding resource allocation and value for money. The following points were noted:

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- That the three control objectives were all assessed as 'green' and there were no recommendations to management.
- That there had been a Working/Partnership Forum Group established to engage with staff on estate changes.

The Committee:

- Noted the report.

9.0 C1: COMPLAINTS HANDLING

Scott-Moncrieff updated the Committee on its position in respect of the Complaints Handling review. The following points in particular were noted:

- That the review had been carried out in October 2014.
- That the arrangements and plans in place at the Care Inspectorate for complaints handling were reviewed and there had been five control objectives agreed with management.
- That as work had been underway in introducing the improvements to the complaints arrangements, it had been agreed with management that the findings of the review was presented as a consultancy-style report.
- That assurance had been gained that the Care Inspectorate had identified clear actions to deliver change to its complaints handling process.

The Committee:

- Noted the update from the review and that it had been a challenge for both the auditors and management given the ongoing changes in this area.
- Agreed that the Internal Auditors, along with the Chief Executive provided the Committee with an assessment of the current position against each of the recommendations.

S-M/CE

External Audit Reports

10.0 Audit Scotland provided the Committee with a verbal update of matters. The following points in particular were noted:

- That the Care Inspectorate's Annual Report and Accounts 2014/15 had been referred to sponsor branch and they were due to be laid before Parliament imminently.
- That the planning for 2015/16 had commenced and Audit Scotland would be onsite in December 2015. The annual audit plan would be submitted to the Committee in March 2016 outlining key timescales.

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- That the Care Inspectorate had received its Audit Fee letter and there had been no increase.
- That Audit Scotland would be reviewing the Care Inspectorate's work on the National Fraud Initiative 2014/15. A verbal report would be provided to the Committee in March 2016.
- That Audit Scotland was currently planning the appointment of an audit firm from private practice for the next five year appointment.

The Committee:

- Thanked Audit Scotland and noted its update.

Items for Discussion/Information

11.0 AUDIT RECOMMENDATIONS PROGRESS REPORT REPORT NO: A-13-2015

The Head of Finance and Corporate Governance presented the report which provided the Committee with the progress on the implementation of agreed management responses to internal audit recommendations. The report was based on actions due to be implemented on or before 31 October 2015. The following points were noted:

- That there were 16 actions agreed by management, of these:
 - Eleven actions were not due for completion prior to 31 October 2015;
 - Four actions had been completed; and
 - One action was partially completed.
- That the partially completed action was to restructure the Intelligence Team. This would be considered as part of a wider structural review. A report on the first phase of this structure review would be considered by the Resources Committee in December 2015.

The Committee:

- Agreed the revised implementation date of 31 October 2016 for the restructure of the Intelligence Team.
- Noted the progress to date.

12.0 DRAFT STRATEGIC RISK REGISTER REPORT NO: A-14-2015

The Head of Finance and Corporate Governance presented the report which provided the Committee with the detailed schedules of each of the strategic risks. The following points were discussed:

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- Risk in respect of ICT and in particular, cyber security risks were becoming very high profile and the Committee were seeking assurance that these risks were being managed effectively and considered whether this type of risk needed to specifically feature on the strategic risk register.
- Audit Scotland would be looking at some aspects of ICT security and specifically penetration testing which was closely associated with the prevention of cyber attack as part of their governance work. Audit Scotland would update the Committee at its next meeting.
- That in-depth internal audit reviews had been carried out in respect of Business Continuity Planning.
- That discussion had taken place with Scottish Government's Digital Transformation Service and that a workshop was being arranged for early 2016.
- That the Chief Executive would discuss with the Director of Corporate Services whether ICT security risk should be escalated to strategic level or continue to be best managed as operational risk. The Committee would be advised accordingly.

CE/DoCS

The Committee:

- Reviewed and commented on the draft strategic risk register and agreed that this, along with the summary and risk appetite statement would be submitted to the Board on 17 December 2015 for consideration.
- The Committee would consider the information from Audit Scotland, the Government's Digital Transformation Service workshop and the advice from the Chief Executive and based on this would take a view on the level of assurance required on the management of ICT security risks.

DoCS

13.0 SCHEDULE OF COMMITTEE BUSINESS

The Committee noted and updated the Schedule of Committee Business.

DSO

14.0 HORIZON SCANNING

The Committee:

- Noted that there were a number of auditor reports in respect of performance and best value which would be reported on an ongoing basis.
- Noted that Linda Pollock, Board Member referred to newly issued NHS corporate governance guidance which would make good reference material.

DSO

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Confidential Item

**15.0 APPOINTMENT OF INTERNAL AUDITORS
REPORT NO: A-15-2015**

The Head of Finance and Corporate Governance presented the report which advised the Committee on the outcome of the internal audit service procurement evaluation. Following consideration and full discussion the Committee:

- Agreed to make a recommendation to the Board that Moore Stephens, who operated as Scott-Moncrieff in Scotland, are appointed to provide internal audit services to the Care Inspectorate for a three year period until 31 March 2019 (with an option to extend for a further one year period).

HoF&CG

16.0 AOCB

Ian Doig, Board Member highlighted to the Committee a presentation he had been given in respect of Risk Mapping. The presentation would be circulated to members.

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There was no other competent business.

17.0 DATE OF NEXT MEETING

The date of the next meeting was confirmed as 29 January 2016 in Compass House, Dundee.

Signed:



Mike Cairns
Convener

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