

## Minutes

**Meeting:** Audit and Risk Committee

**Date:** 30 May 2024

**Time:** 10.30 am

**Venue:** Room 1.03, Compass House

**Committee Members Present:** Bill Maxwell (Convener)

Rona Fraser

Ronnie Johnson

Maria McGill

**In Attendance:** Jackie Irvine, Chief Executive (CE)  
 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)  
 Martha Dalton, Senior Transformation Business Owner (STBO) (joined for item 13.2 only) (by Teams)  
 Mollie Edmonds, Information Governance Analyst (IGA) (joined for item 14 only) (by Teams)  
 Graeme Ferguson, Head of IT Service Delivery (HoISD) (joined for item 16 only)

**Apologies:** Paul Gray, Committee member  
 Pat Kenny, External Auditors, Deloitte (EA)  
 Sandy Denholm, External Auditors, Deloitte (EA)

Item	Action
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### 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 7 March 2024, subject to the following amendment:

6.0 Matters Arising – “Issue arising from the recent incidence of a headteacher committing suicide after an inspection in England” to be changed to “Issue arising from the recent incidence of a headteacher’s death by suicide after an inspection in England”.

## 5.0 ACTION RECORD OF MEETING HELD 7 MARCH 2024

An update was provided on the following items:

**11.0 Internal Audit Review – Change Management** – An update was provided by the Chief Executive, who explained that this item was due to be discussed at the Strategic Management Group at their next meeting in June. This would include reviewing a possible toolkit for managers and staff. It was also mentioned that the new Scrutiny and Quality Improvement Assurance Group (SQIAG) was due to commence shortly with the Chief Executive chairing. It was agreed that an update would be provided at the next meeting of the Audit and Risk Committee.

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

## 6.0 MATTERS ARISING

There were no items raised.

## 7.0 INTERNAL AUDIT REPORT: FOLLOW UP REVIEWS – REPORT NO: ARC-01-2024/25

The internal auditor presented the report which set out the progress made since the previous Follow Up Review reported to the Audit and Risk Committee in March 2024.

There had been good progress made in taking forward the recommendations followed-up as part of the review, with six recommendations classified as fully implemented. The other four

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recommendations were classified as partially implemented, and would be subject to a further follow-up through the ARC tracking process.

The Committee noted the report.

## **8.0 INTERNAL AUDIT REVIEW – ESTATES MANAGEMENT REPORT NO: ARC-02-2024/25**

The internal auditor presented a report of the review of Estates Management.

The internal auditor highlighted to the Committee that there were five internal audit objectives and the assurance of “good” had been provided against all five.

There were only two priority 3 recommendations. One was in relation to reviewing the capacity of the Estates team. The other recommendation was that the annual estates strategy update to the Board should include a summary of estates performance indicators to be scheduled to ensure all estates metrics can be reported on.

The Committee discussed the recent implementation of the new “Robin” booking system and the Executive Director of Corporate and Customer Services explained that the system could provide data on usage of space in offices and was being used to monitor the capacity of the estate. It was noted that this was not a staff monitoring tool.

The Committee noted that the recommendations from internal audit had been accepted by management.

It was also noted by the Committee that this was a very good report considering the current constrained resources of the estates team.

## **9.0 INTERNAL AUDIT REVIEW – QUALITY IMPROVEMENT REPORT NO: ARC-03-2024/25**

The internal auditor presented a report on quality improvement.

The internal auditor highlighted to the Committee that there were five internal audit objectives and assurance of “good” was provided against three objectives and the assurance of “satisfactory” for two objectives.

There was one priority 3 recommendation which management had accepted and agreed a management response.

As part of the resource planning exercise, key dependencies would be identified and succession planning arrangements would be put in place, where practical to do so, in order to provide sufficient coverage

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of business critical quality improvement activity, determined in consultation with the Chief Inspectors.

The management noted a joint quality improvement triage meeting with service managers from quality improvement and scrutiny and assurance was in the process of being introduced.

The Committee agreed that the internal auditor should sub-divide the milestones on specific elements and re-issue the report accordingly.

IA

The Committee noted that it was a good report and gave a reassuring picture overall.

#### **10.0 INTERNAL AUDIT ANNUAL REPORT 2023/24 REPORT NO: ARC-04-2024/25**

The internal auditor presented the report on the internal audit work performed during the year. He highlighted that the report provided a positive overall opinion on the Care Inspectorate's arrangements for risk management, control and governance. It also confirmed that, in his opinion, the Care Inspectorate had proper arrangements in place to promote and secure Value for Money.

The audit work conducted during 2023/24 did not identify any significant control weaknesses. In general, procedures were operating well in the areas selected, but a few areas for further strengthening or improvement were identified and action plans had been agreed to address those issues.

The Committee requested an update on the whistleblowing guidance and the Executive Director of Strategy and Improvement/Deputy Chief Executive explained that a review of this was currently taking place and would be updated shortly. It was also planned to include a development session for the Board on this subject later in the year.

The Committee conveyed thanks to internal audit for their report.

#### **11.0 DRAFT INTERNAL AUDIT ANNUAL PLAN 2024/25 REPORT:ARC-05-2024/25**

The internal auditor presented the draft annual internal audit plan 2024/25, which set out the internal audit assignments, subject areas and where possible, the outline scope and objectives together with the audit approach.

The only change to the plan for 2023/24 was the Homeworking – Impact on Policies Review which would now be taken as part of the 2024/25 plan. Internal audit agreed to meet and review the scheduling of hybrid working with management in due course.

IA/CE/  
EDCCS

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The Committee noted that the Workforce and Operational Planning assignment would be circulated electronically once finalised, and **approved** the internal audit annual plan 2024/25.

**12.1 STRATEGIC RISK REGISTER MONITORING REPORT NO: ARC-06-2024/25**

The Board had conducted the annual review of the Strategic Risk Register at the Board Development event held on 9 May 2024.

The Committee considered and discussed the Strategic Risk Register monitoring position and reviewed the changes requested by the Board.

The Committee **approved** the changes to the Strategic Risk Register and recommended to the Board that the revised changes would be adopted for risk management purposes for 2024/25.

**12.2 ASSURANCE MAPPING**

Head of Finance and Corporate Governance explained to the meeting that an update of the assurance mapping for Business Transformation, Stage 2 was in process and once completed an email would be sent to all members to review the update.

**HoFCG**

**13. DIGITAL PROGRAMME UPDATES**

**13.1 DIGITAL STAGE 1 UPDATE – REPORT NO: ARC-07-2024/25**

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 noted that there had been some further refinements to the Complaints app functionality to improve decision making about anonymous complaints.

The provider functionality of the App had been released in early November 2023 and there had been continued work on additional enhancements. These functions were not essential for go live, however they would continue to provide an enhanced user experience, both internally and externally.

The Committee noted that work had been defined and prioritised for the Registration and Complaints apps which had enabled the transformation delivery team to plan resources and forecast delivery.

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

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**13.2 DIGITAL STAGE 2 UPDATE – REPORT NO: ARC-08-2024/25**

The Senior Transformation Business Owner presented the update report and briefed the Committee that Stage 2 would deliver a full integrated digital platform to replace legacy systems and underpin a risk-led scrutiny model.

Within the last quarter, the Digital Advisory and Assurance Group (DAAG) had met for its inaugural meeting and the Project Board continued to meet monthly.

It was agreed that the Senior Transformation Business Owner would provide a cover report to the Audit and Risk Committee with a link to all papers addressed at the DAAG meetings going forward.

**STBO**

It was noted by the Committee that the transformation papers were very clear and this was appreciated by members.

**14.0 SENIOR INFORMATION RISK OWNER (SIRO) ANNUAL REPORT FOR FINANCIAL YEAR 2023/24 – REPORT NO: ARC-09-2024/25**

The Information Governance Analyst joined the meeting to present the annual SIRO report.

It was explained to the meeting that the information governance maturity had increased from 80% at the end of 2022/23 to 82% at the end of 2023/24.

Finally, it was noted that the Information Governance team was supporting the Stage 2 Business Transformation project by providing data protection by design. This had included engaging with the Information Commissioner’s Office and collaborating with them on the project development and delivery.

The Committee noted thanks to the team for their work.

**15.0 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION REPORT – REPORT NO: ARC-10-2024/25**

The Head of Finance and Corporate Governance briefed the meeting on the annual overview of the operation for the Counter Fraud Bribery and Corruption Framework.

It was noted that 2023/24 was the last year of partnership with the NHS Counter Fraud Services (CFS), following a decision made by CFS to stop arrangements with organisations that were not Health Boards. It was noted, however, that if this service was re-introduced at any stage, the Care Inspectorate would be very willing to re-establish the working relationship. In the meantime, the National Fraud Database was available to be used by the Care Inspectorate.

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The Head of Finance and Corporate Governance also mentioned that the Counter Fraud Framework and Fraud Risk Assessment would require updating and this would commence shortly.

HoFCG

**16.0 IT STEWARDSHIP ANNUAL REPORT 2023/24 - REPORT NO: ARC-11-2024/25**

The Head of IT Service Delivery joined the meeting to brief the Committee on the update of the progress made by the IT team during 2023/24 and the plans to develop the IT security, service management and infrastructure services in 2024/25.

It was noted that the IT team had completed a huge achievement by making the Care Inspectorate cloud-based and almost an infrastructure-less organisation.

The Committee noted the report and commended the progress made by the team.

**17.0 PRIVATE AND CONFIDENTIAL – APPOINTMENT OF INTERNAL AUDITORS - REPORT NO: ARC-12-2024/25**

The Committee noted that the contract for the provision of internal audit, currently with Henderson Loggie LLP, was due to expire on 31 March 2025. A procurement exercise was required for the re-let of this contract to ensure continuation of Internal Audit Services from 1 April 2025.

It was noted that a procurement strategy business case had been completed to identify and explore all possible procurement routes to market and this had identified six possible options. The preferred option was to utilise the APUC framework which included the current internal auditors who were ranked number one.

The proposal was a contract for a period of three years from 1 April 2025, with a further two optional 12-month extensions.

The Committee discussed the proposal and were content with the process, noting the value of working relationships with Henderson Loggie LLP.

The Committee **approved** the recommended route to market, and agreed to recommend to the Board the contract award to Henderson Loggie LLP for the provision of Audit Services at the Board meeting of 15 August 2024.

**18.0 HORIZON SCANNING**

No items were raised.

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**19.0 AUDIT AND RISK COMMITTEE HIGHLIGHTS FOR THE BOARD**

The Committee agreed that the following should be included in the update to the Board on 15 August 2024:

- Positive internal audit reports on Estates Management and Quality Improvement.
- The draft 2023/24 Annual Report update to the Board.
- The Audit and Risk Committee approval of the 2024/25 Audit Plan, subject to the scheduling of the Hybrid Working internal audit.
- Approval of the Strategic Risk Register updates and recommendation to the Board for approval.
- A reminder to all Board members of access to all Audit and Risk documentation.
- First report from the Stage 2 Business Transformation DAAG meeting.
- Recommendation to the Board of the re-appointment of Henderson Loggie LLP as internal auditor.
- Completion of the Annual Review of Effectiveness.

**20.0 SCHEDULE OF COMMITTEE BUSINESS 2023/24**

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

- To update the schedule of business to include the approved internal audit plan reports for 2024/25.
- To update the Annual Report and Accounts item to read the following: Combined ISA260 Report to those charged with Governance and Audit Annual Report on the Audit (external Audit Report to the Board and the Auditor General for Scotland for the financial year ended 31 March 2024).

ESO

**21.0 ANNUAL REVIEW OF COMMITTEE EFFECTIVENESS**

The Head of Finance and Corporate Governance briefed the meeting on the Annual Review of Committee Effectiveness. It was noted that the survey results were very positive and a lot of responses were similar in nature. There were three actions outstanding from the previous review, so a review of these would also be included. Action Points:

**Induction pack for New Audit and Risk Committee members –**

This was currently in progress with a target completion date of September 2024. The Committee agreed the timeline.

HOF CG

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**The Convenor to have regular 1:1 Meetings with members** – The members agreed that these would be helpful to have, and particularly prior to the annual appraisal with Chair of the Board. All 1:1 meetings to be arranged at the same time as Board appraisals. ESO to co-ordinate. ESO

**Letter of Appointment for new Audit and Risk Committee members** – this had been logged as part of the induction pack with a target completion date of end of September. HOFCG

**Internal Audit Performance** – It was noted that with the award of the new contract for 2025/26 the annual report would have performance measures and indicators built in. The Head of Finance and Corporate Governance noted that a suite of indicators could be used, and should look to review with the Committee what could be included towards the end of the financial year. HOFCG

**Governance Statement** - A review of the Governance Statement to be added to the Schedule of Business at the same time as Annual Report and Accounts. To also add the Governance Statement to the 3 October 2024 meeting. ESO

**Co-ordination with other Committees** – With the plans for a new committee, the Head of Finance and Corporate Governance to review and revise the Reservation of Powers and Scheme of Delegation to ensure co-ordination with the Audit and Risk Committee. HOFCG  
/ESO

**Annual Report and Accounts Development Session** - The Committee discussed the possibility of a development session on the preparation of the annual report and accounts. It was agreed to add a lunch and an extra hour to the October 2024 meeting and invite all Board members if they would like to attend. ESO

The Committee agreed the actions that came out of the review.

## 22.0 ANY OTHER COMPETENT BUSINESS

**New Finance and Resource Committee** – The Chief Executive noted that there was a planning session set up to discuss this new Committee on 8 July 2024, which the Convenor of the Audit and Risk Committee had agreed to attend. This meeting would include a review of reporting and information provision to the Audit and Risk Committee and the new committee.

It was noted that the draft Terms of Reference for the new committee would be submitted for discussion and approval by the Board at its meeting on 15 August 2024.

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**23.0 CLOSE OF BUSINESS AND DATE OF NEXT MEETING:  
15 August 2024 at 13.30 pm in Compass House, Dundee**

Signed:

Bill Maxwell, Convener

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