Minutes

Meeting:	Audit and Risk Committee
Date:	25 May 2023
Time:	10.30 am
Venue:	Compass House Dundee
Present:	Bill Maxwell, Convener Rona Fraser Ronnie Johnson Maria McGill
In Attendance:	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 (HFCG) Claire Brown, Executive Support Officer (ESO) David Archibald, Internal Auditor, Henderson Loggie (IA) Rachel Mitchell, Information Governance Lead Item 18 only
Apologies:	Paul Gray Jackie Irvine, Chief Executive (CE) Edith Macintosh, Executive Director of Strategy and Improvement (EDSI) 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.

3.0   DECLARATION OF INTERESTS

There were no declarations of interest.

4.0   MINUTES OF PREVIOUS MEETINGS

The Committee reviewed and **approved** the minutes of the meeting held on 9 March 2023 and 30 March 2023 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

The Convener updated the Committee on his attendance at the most recent Audit and Risk Committees Chairs' meeting. The meeting had discussed items on public service reform with input from the Scottish Government, including reference to the independent review of regulation in the care sector and the proposed National Care Service. It was noted that the report due to be released for the independent review is delayed from June 2023 and will be published in September 2023.

The Convener then went on to brief the meeting on Audit Scotland's enhanced focus on sustainability audit requirements, supported by the Scottish Government which expects all public bodies to set an example for others to follow in reducing carbon emissions.

A question was raised about how the Care Inspectorate was going about incentivising electric cars. The Executive Director of Corporate and Customer Services explained that discussions were ongoing and that it was already agreed that two electrical charging points will be provided at the headquarters in Dundee.

7.0   INTERNAL AUDIT REPORT 2022/23 – FOLLOW UP REPORT ARC-01-2023/24

The internal auditor presented this report which set out progress made since the last Follow Up review, which was reported at the meeting on 9 March 2022.

The internal auditor noted that any recommendations categorised as 'Partially Implemented' or 'Little or no progress' will be re-evaluated as part of future follow up reviews. Where the previous implementation date had elapsed then a revised implementation date had been agreed with management.

A member raised an enquiry on Appendix five regarding Complaints policy, and enquired how the update on this would come back to the Board and when would the learning be launched on the LMS system. The Executive Director of Corporate and Customer Services noted that the finer details had yet to be finalised, it was agreed that the Executive Director of Strategy and Improvement would update at the next meeting.

EDSI

On the subject of the implementation of learning it was agreed this would be passed to the Executive Director of Strategy and Improvement for comment.

EDSI

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 9 March 2023.

8.0 INTERNAL AUDIT ANNUAL REPORT - ARC-02-2023/24

The Internal Auditor presented the Internal Audit Annual Report which summarised the internal audit work performed during the year and provided a positive overall opinion on the Care Inspectorate's arrangements for risk management, control, and governance.

The Internal Auditor noted that the title of the report of page 32 was incorrect it currently reads Improvement Activity in Scrutiny & Assurance and will be re-named to Quality Improvement, IA to correct this.

IA

The Committee thanked staff for their continued commitment to all work completed.

The Committee was invited to accept the Internal Audit Annual Report for 2022/23, the Committee accepted and agreed the report.

9.0 DRAFT ANNUAL INTERNAL AUDIT PLAN 2023/24- ARC-03-2023/24

The Internal Auditor presented the second draft of the Annual Internal Audit Plan for 2023/24, it included timings and further details on the scope, objectives and indicative timings for each audit assignment together with the audit approach.

The Committee approved the proposed annual programme of internal audit activity for 2023/24.

Members raised a query on the Quality Improvement scope which had been intended to provide assurance and confirmation of Improvement Support working in conjunction with Scrutiny and

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Assurance. The Executive Director of Corporate and Customer Services noted the concern that this had not been captured in the scope of the audit and the Internal Auditor agreed to meet with the Executive Director of Strategy and Improvement and Head of Improvement Support to modify the scope of the report.

IA/EDSI

10.0 INTERNAL AUDIT REVIEW: SHARED SERVICES – ARC-04-2023/24

The Internal Auditor presented the report of the joint Care Inspectorate/SSSC internal audit on the services shared between the two organisations.

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

It was agreed by the Committee to share an update of this report with the Board.

11.0 INTERNAL AUDIT REVIEW: CHANGE MANAGEMENT – ARC-05-2023/24

The Internal Auditor presented the report on Change Management which the Committee noted had focussed on change management activity conducted by the IT and Digital Directorate. The Committee was pleased to note the positive findings of this audit.

Members noted, however, that this report applied only to Digital Change Management and it was agreed that further consideration should be given to the effectiveness of change management across other areas of the organisation. It was noted that the principles and processes reviewed for digital transformation could potentially be applied to all change management.

The Internal Auditor noted that the scope of a broader strategic management change management could be proposed and the Executive Director of Corporate and Customer Services undertook to discuss with the Chief Executive and SLT.

EDCCS

The overall level of assurance is "Satisfactory".

12.0 DRAFT AUDIT AND RISK COMMITTEE ANNUAL REPORT TO THE BOARD 2022/23 – REPORT NO: ARC-06-2023/24

The Head of Finance and Corporate Governance briefed the meeting on the first draft of the Audit and Risk Committee's Annual Report to the Board.

The Committee was invited to consider and provide comments on the first draft of the report including the Governance Statement and note the timetable for submission to the Board.

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It was agreed that members would send their comments on the report to the convener and copy in the Head of Finance and Corporate Governance.

A member queried if there was visual overview that could be provided in the report, and it was agreed that this would be included in the report.

HFCG/IA

13.1 STRATEGIC RISK REGISTER – ARC-07-2023/24

The Head of Finance and Corporate Governance briefed the meeting on the current position of the Strategic Risk Register and noted:

Strategic Risk 5 – IT Data Access and Cyber Security:
This has reduced from 15 (high) to 12 (high) in recognition of the progress made on the security improvement plan.

Strategic Risk 6 – Digital Transformation:
We are still awaiting the formal approval letter from Scottish Government.

Strategic Risk 8 – Legacy Business Applications:
Our legacy applications continue to age and become more vulnerable and more difficult to support.

The Committee discussed and agreed that, in future, the Strategic Risk Register should also be provided to the Board for information.

HFCG

13.2 ASSURANCE MAPPING

The Head of Finance and Corporate Governance verbally updated the meeting that there would be updates to this in the coming weeks.

The link is provided below for members to access: Assurance Mapping Link

Members noted this and agreed to view out with the meeting.

14.0 DIGITAL PROGRAMME UPDATE – REPORT NO: ARC-08-2023/24

The Executive Director of IT and Digital Transformation updated the meeting on the quarterly update on the progress of the Digital Programme.

The report focussed on Stage 1, Complaints and Registrations and The Register and the latest updates on the Stage 2 Business Case.

It was noted that interviews were taking place for the Senior Delivery Manager in the coming week and that the organisation had still not received the approval letter of funding for the Stage 2 Business case from Scottish Government, which is hoped to be received soon.

15.0 IT STEWARDSHIP ANNUAL REPORT – REPORT NO: ARC-09-2023/24

The Executive Director of IT and Digital Transformation updated the meeting on the annual IT Stewardship report.

The report provided an update on the progress made by IT during the Financial Year 2022/23 and the plans to develop IT security, service management and infrastructure services through financial year 2023/24.

It was noted that the table provided on page 5 on IT Serviceability highlighted the risk well and was clear to read.

The Committee agreed that this report should be provided on a yearly basis going forward.

16.0 ANNUAL COUNTER FRAUD, BRIBERY AND CORRUPTION – REPORT NO: ARC-010-2023/24

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

It was noted that one incident was investigated using the framework in 2022/23, this was detected by National Fraud Initiative match. This incident was previously reported to the Audit and Risk Committee, Internal Auditors and External Auditors on the 9 March 2023. The External Auditors have also reported to Audit Scotland.

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

17.0 NATIONAL FRAUD INITIATIVE 2022/23 UPDATE

The Head of Finance and Corporate Governance briefed the meeting on the Care Inspectorate's participation in the 2022/23 National Fraud Initiative (NFI) exercise and the management response to the NFI self-appraisal document.

The Committee discussed the report and noted that this was a concise and comprehensive management response.

18.0 SENIOR INFORMATION RISK OWNER (SIRO) ANNUAL REPORT FOR FINANCIAL YEAR 2022/23 – REPORT NO: ARC-12-2023/24

The Information Governance Lead joined the meeting and briefed the Committee on the SIRO Annual Report. It covered work completed in the Financial Year 2022/23 and identifies the priorities for Financial Year 2023/24.

The Committee noted the work involved and commended the team for their professionalism, hard work, and commitment.

19.0 HORIZON SCANNING – CIPFA AUDIT COMMITTEE UPDATE

The Head of Finance and Corporate Governance noted to the meeting that any updates that are published would be placed in the CIPFA folder for members to access.

20.0 AUDIT AND RISK COMMITTEE HIGHLIGHTS TO THE BOARD

The Committee agreed the following matters should be included in its summary report to the Board Meeting of the 10 August 2023.

- Audit and Risk Committee approval of the Internal Audit Annual Report 2022/23.
- Approval of the Internal Audit Plan 2023/24
- Outcome of the review of the Internal Audit Review of the Shared Services report.
- Provide an update on the Internal Audit Review on Change Management
- The Committee has begun the first review of the Draft Audit and Risk Committee Annual Report to the Board.

ESO

21.0 SCHEDULE OF COMMITTEE BUSINESS 2023/24

The Committee reviewed the schedule of business for the new cycle and noted that the internal audit review timings continue to be confirmed with management on scheduling.

It was agreed by the Committee that the Internal Audit Report, Follow Up Report and Digital Programme update were not required at the single item meeting on the 10 August 2023 and were to be removed.

ESO

22.0 ANY OTHER COMPETENT BUSINESS

There was no other business

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23.0   CLOSE OF BUSINESS AND DATE OF NEXT MEETING

The date of the next meeting was noted as Thursday 10 August 2023 at 10.30 am, to be held at Compass House, Dundee.

Signed:

Bill Maxwell, Convener