

## Minutes

**Meeting:** Audit and Risk Committee

**Date:** 28 September 2023

**Time:** 10.30 am

**Venue:** Room 1.12, Compass House

**Committee** Bill Maxwell, Convener

**Members** Rona Fraser

**Present:** Ronnie Johnson

Maria McGill

**In Attendance:** Edith MacIntosh, Executive Director of Strategy and Improvement (EDoSI)  
Jackie Mackenzie, Executive Director of Corporate and Customer Services (EDoCCS)  
Gordon Mackie, Executive Director IT, Transformation & Digital (EDITD)  
Kenny Dick, Head of Finance and Corporate Governance (HoFCG)  
David Archibald, Internal Auditors, Henderson Loggie (IA)  
Pat Kenny, External Auditors, Deloitte (EA) (by Teams)  
Sandy Denholm, External Auditors, Deloitte (EA)  
Karen Kinnear, Executive PA (EPA)

**Apologies:** Paul Gray, Committee Member  
Jackie Irvine, Chief Executive (CE)  
Kevin Mitchell, Executive Director of Scrutiny and Assurance (EDoSA)  
Karlyn Watt, External Auditors, Deloitte (EA)  
Claire Brown, Executive Support Officer

**Item****Action****1.0 WELCOME**

The Convener welcomed everyone to the meeting.

**2.0 APOLOGIES FOR ABSENCE**

Apologies, as listed above were noted.

**3.0 DECLARATION OF INTEREST**

There were no declarations of interest.

**4.0 MINUTES OF PREVIOUS MEETINGS****4.1 Minutes of meeting held on 25 May 2023**

Under Item 7 - Appendix 5 regarding the complaints policy. The Executive Director of Strategy and Improvement provided an update to advise that the Complaints Policy had been signed off at the Senior Management Group (SMG) in August 2023. A report would go to the next SMG on Q1 and Q2 performance, based on the Scottish Public Services Ombudsman's KPIs and an annual report would be provided to the report in May. The learning from complaints would be shared around each Directorate. The complaints recording system would be updated to ensure that actions were completed.

With this update, it was agreed that recommendations of the internal audit on complaints had now been completed.

The Committee **approved** the minutes.

**4.2 Minutes of meeting held 10 August 2023**

Under item 3 - A correction was noted in respect of Board member Ed McGrachan's position whereby it would be changed to read: "Chair of Glasgow Colleges Regional Board".

The Committee **approved** the minutes.

**5.0 ACTION RECORD OF MEETINGS HELD ON 25 MAY AND 10 AUGUST 2023**

The Committee reviewed the action record and noted that under item 11 of the meeting held on 25 May, further discussion would be held by the Executive Team on the Chief Executive's return from leave.

With all other actions having been completed and status updated, the Committee **approved** the action record.

Version: 1_0	Status: APPROVED 14/12/2023	Date: 13/10/2023
--------------	-----------------------------	------------------

## 6.0 MATTERS ARISING

The Committee took the opportunity to ask if the RAAC concrete issues that had recently been highlighted in the media as affecting public buildings had had any impact on premises occupied by the Care Inspectorate.

The Executive Director of Corporate and Customer Services confirmed that the Care Inspectorate had requested that all landlords provide confirmation and that no issues had currently been identified.

## 7.0 INTERNAL AUDIT REPORT: FOLLOW UP REVIEWS – REPORT NO: ARC-15-2023/24

The internal auditors presented the report, which showed that seven of the 10 recommendations were now fully completed. Revised dates for the remaining three recommendations had been agreed with management and good progress had been made since the last meeting.

A further closure meeting would be convened between the internal auditors and management for discussion on all of the recommendations, with the report being taken to the committee meeting in December.

## 8.0 INTERNAL AUDIT REPORT: RECRUITMENT AND RETENTION – REPORT : ARC-16-2023/24

The internal auditors presented the report of the review of staff recruitment and retention arrangements. The review provided an overall assurance level of satisfactory. Discussion took place regarding recruitment and retention processes and system testing and these had been included in the main findings as follows:

- Recruitment and retention systems, procedures and information were in place and clearly visible. Once the recruitment and selection policy had been finalised, this would be made available to all staff.
- Appropriate succession planning systems were in place, but with a recommendation that key roles with specialist skills and knowledge should be identified in order to address any business continuity risk in the event that any of these colleagues leave the organisation or are absent on long term sick leave.

The Committee was advised that management would review the recommendation timescales, as these were considered to be fairly generous, and with some of the activity related to the recommendations either in progress or about to be completed. Any

adjustments to timescales would be reflected in the internal auditors' follow-up reports to the Committee.

The Committee commented on a potential emerging risk associated with hybrid working and its possible impact on collaborative working practices of individuals and teams.

There was also discussion on the use of Yammer. Members were assured that this was a staff-only internal social media platform, closely monitored by the Communications team.

The Committee noted and welcomed the positive internal audit report.

## **9.0 INTERNAL AUDIT REVIEW: FRAUD PREVENTION, DETECTION AND RESPONSE – REPORT NO: ARC-17-2023/24**

The internal auditors presented the report on the review of the systems in place for fraud prevention, detection and response, which had provided an overall positive assurance level of satisfactory. The Care Inspectorate's approach, working with NHS Counter Fraud Services, had advanced, including training of staff in specific roles. Training would be repeated as new staff joined the organisation.

Overall, the review made three recommendations which were mainly administrative updates and amendments to current policies and guidance.

The Executive Director of Corporate and Customer Services expressed her appreciation of the Head of Finance and Corporate Governance and their team for the work they had done in communicating the importance of fraud prevention and to staff and Board members for personal and organisation protection. The Committee was advised that the Counter Fraud Framework would be added to the staff intranet the following day.

The Committee agreed it was a very positive report and expressed appreciation to staff and internal auditors for the work carried out.

## **10. ANNUAL REPORT AND ACCOUNTS**

### **10.1 Draft annual report and accounts 2022/23**

The Committee received the draft annual report and accounts, having previously considered and commented on these at earlier meetings in May and August. Amendments arising from those previous discussions had been reflected in the third draft.

The Committee **approved** the annual report and accounts for submission to the Board, subject to external audit opinion being completed and final presentational checks made.

Version: 1_0	Status: APPROVED 14/12/2023	Date: 13/10/2023
--------------	-----------------------------	------------------

## 10.2 External Audit Annual Report to the Board and the Auditor General for Scotland for the financial year ended 31 March 2023

The external auditors outlined the key outstanding points and status of progress with the annual report. The main outstanding point was in relation to pensions and the Committee was advised that this would be finalised by mid-October.

The external auditors advised the Committee that all information requested had been received by the agreed deadlines and that they had good access to the finance team.

The auditors' review and testing of significant risk areas had covered management override of controls; the organisation's operation with approved budget; and the completion of fee income and had concluded that there were no major issues associated with any of these.

The auditors also identified a significant financial sustainability challenge in the medium to long term, as was being experienced by most of the public sector, and which could not be rectified by efficiency savings alone. The auditors recommended that this be brought to the attention of key government stakeholders so that the sustainability challenge could be addressed in the medium term.

The auditors particularly commended the Care Inspectorate for its reporting of key performance outcomes, and encouraged the organisation to continue to refine this area of best practice.

The Committee expressed thanks to the external auditors for a very clear and comprehensive report. Special thanks were also extended to Gillian Berry, the Care Inspectorate's Accounting and Procurement Manager, for all the work she and her colleagues had put into the preparation of the annual report and accounts

## 10.3 Draft letter of Representation (verbal)

The Head of Finance and Corporate Governance advised the Committee that the standard letter of representation was expected to be presented to the Board at its meeting on 9 November, for approval of signing.

## 11. DRAFT AUDIT AND RISK COMMITTEE ANNUAL REPORT TO THE BOARD – REPORT NO: ARC-18-2023/24

The Committee reviewed the final draft of its annual report to the Board, having commented on previous versions and **approved** its submission to the Board meeting of 9 November 2023, with the following minor amendments:

Version: 1_0	Status: APPROVED 14/12/2023	Date: 13/10/2023
--------------	-----------------------------	------------------

- At section 8, to add wording to the end of the last sentence in that section: ...”and was satisfied with the speedy and effective manner with which it was addressed.”
  - Correction to the heading of the graph at section 3.2 to read “Implemented”
- Under section 3.1, remove the word “colour” in the last sentence that precedes the second table.

HoFCG

## 12. STRATEGIC RISK REGISTER MONITORING AND ASSURANCE MAPPING

### 12.1 Strategic Risk Register – Report No: ARC-19-2023/24

The Head of Finance and Corporate Governance presented the quarterly report which highlighted to the Committee the specific changes in risk position and any risk management issues. Full details were outlined under each of the strategic risks within the report.

The Committee was asked to consider whether strategic risk 6 – Shared Service Governance – should continue to be monitored at strategic level as there had been three internal governance reports produced over three years, with all management actions having been implemented. The Committee considered this, and **agreed** to recommend to the Board that this risk should be downgraded from strategic to directorate risk level.

### 12.2 Assurance Mapping (verbal update)

The Head of Finance and Corporate Governance updated the Committee on the latest developments to the assurance map.

## 13. DIGITAL PROGRAMME UPDATE - REPORT NO: ARC-20-2023/24

The Executive Director of IT and Digital Transformation presented the quarterly report which focussed primarily on Stage 1 of the project – covering Complaints and Registrations and The Register – and provided the latest updates on the Stage 2 Business Case pre-mobilisation.

The report highlighted the resourcing challenges facing the project and the Committee was pleased to note that the mobilisation phase of stage 2 of the project would see more extensive recruitment and standing up of the project governance.

There was some discussion under section 2.5, which covered usage of The Register and Registration and the Executive Director of IT and Digital Transformation agreed to clarify the statement on the number of registration applications submitted remaining five times the number

Version: 1_0	Status: APPROVED 14/12/2023	Date: 13/10/2023
--------------	-----------------------------	------------------

granted in the same period. An email with this information would be circulated to the Committee after the meeting.

EDIDT

The Committee had no further questions and agreed to there being two separate reports being submitted to future meetings, each for Stage 1 and Stage 2 of the programme. This would be noted on the Schedule of Business.

ESO

**14. CYBER SECURITY ASSESSMENT UPDATE – REPORT NO: ARC-21-2023/24**

The Head of IT Service Delivery presented the report which provided the Committee with an update on progress with the Cyber Security Improvement Plan, from March to September 2023. It also outlined how the plan would be developed through Q3 and Q4. Update reports would be submitted to the Committee twice yearly, at its meetings in November and May – the latter being an annual report. The Committee was also advised that Board member Jenny Trott had taken on the role of cyber security champion with the terms of reference currently being developed for this, and which would be shared with the Committee.

Members were pleased to note how well the improvement plan was progressing and that the organisation was able to demonstrate that sufficient controls were in place.

There was discussion on the risks with the Care Inspectorate's legacy systems, which still had to remain in place in order to derive necessary information for ongoing historical inquiries. The Committee was assured that these risks were being controlled and that there is a clear plan for bringing them into a safely managed state.

The Committee noted the report and that the annual report would be presented to the meeting in May 2024.

**15. HORIZON SCANNING**

The Committee noted the link to the CIPFA Audit Committee Update and their attention was drawn to the information outlined in the Best Value report within the update.

**16. AUDIT AND RISK COMMITTEE HIGHLIGHTS FOR THE BOARD**

The Committee agreed to include the following key points in its report to the Board meeting being held on 9 November:

- Shared services Governance – downgrading of the risk from strategic to directorate level
- Annual reports and accounts to the Board for approval
- Committee’s agreement of its annual report to the Board
- Committee noted increasing pressures on resources/staff and note what action management has taken regarding the impact

ESO

**17. SCHEDULE OF COMMITTEE BUSINESS 2023/24**

The Committee discussed the schedule of business and agreed the following updates:

- Internal Audit on Debtors/Income to be carried over to the December meeting
- Internal Audit on Digital Transformation – date to be confirmed
- Additional report on Cyber Security to be added to committee business (November and May meetings – the latter being annual report)

ESO

**18. ANY OTHER BUSINESS**

There was no other business.

**19. CLOSE OF BUSINESS AND DATE OF NEXT MEETING:  
14 DECEMBER AT 10.30 AM IN COMPASS HOUSE, DUNDEE**

**PRIVATE MEETING WITH INTERNAL AUDITORS (Annual)**

This meeting was for Committee members and internal auditors only.

Signed:



Bill Maxwell, Convener