



## Minutes

**Meeting:** Audit Committee

**Date:** 20 March 2012

**Time:** 1.30am – 3.30pm

**Venue:** Room 0.24, Compass House

**Present:** Michael Cairns, Convener  
Theresa Allison  
David Wiseman  
Cecil Meikeljohn  
Morag Brown

**In Attendance:** Annette Bruton, Chief Executive  
Frank Clark, Chair  
Gordon Weir, Director of Resources  
Gill Ottley, Director of Operations  
Kenny Dick, Finance Manager  
Robert Mackenzie, Scott-Moncrieff  
James Thomson, Scott-Moncrieff  
Esther Scoburgh, Audit Scotland  
Brian Howarth, Audit Scotland  
Pamela Hill, Secretary

**Apologies:** Sally Witcher  
Ian Doig

| Item  | Action |
|---|--------|
| <p><b>1.0 APOLOGIES FOR ABSENCE</b></p> <p>Apologies for absence were noted as above.</p> |        |

|              |                      |                    |
|--------------|----------------------|--------------------|
| Version: 2.0 | Status: <i>Draft</i> | Date: 6 April 2012 |
|--------------|----------------------|--------------------|

**2.0 DECLARATION OF INTEREST**

There were no declarations of interest.

**3.0 MINUTE OF PREVIOUS MEETING – 29 NOVEMBER 2011**

The minute of the previous meeting of 29 November 2011 was approved as an accurate record. It was noted that the planned Audit Committee on 31 January 2012 was not quorate.

**4.0 MATTERS ARISING**

**4.1 Item 9.2** The Board development session on Audit had been arranged for 8 May 2012.

**4.2 Item 5.3** The Director of Resources had prepared a draft briefing note for members on the arrangements and policy concerning travel and subsistence that were in place for those with a disability and had discussed it with the Board member who had raised the issue. Further work was required on the wider issue of how HR approached policy development.

**5.0 INTERNAL AUDIT REPORTS**

**5.1 Internal Audit Plan 2011-12 Progress Report**

Robert MacKenzie introduced this report and advised that the annual follow up report would be submitted to the 19 June 2012 Audit Committee.

The Committee:

- Noted the report.

**5.2 Strategic Internal Audit Plan 2011-14 & Annual Internal Audit Plan 2012-13 – Draft**

Robert Mackenzie introduced this report advised that the finalised internal audit plan would be submitted to the 19 June 2012 Audit Committee for approval. Following discussion the following points were noted:

- Some of the relationships on risk between appendices 2 and 3 were incorrect and would be amended.
- The internal auditors would continue to produce a detailed scope of each review for management to consider prior to any audit work commencing.
- Equality issue indicators would be considered within individual audit reviews.
- The Chief Executive was undertaking a quality assurance

|              |                      |                    |
|--------------|----------------------|--------------------|
| Version: 2.0 | Status: <i>Draft</i> | Date: 6 April 2012 |
|--------------|----------------------|--------------------|

review of the assessment and reporting of inspections for the Board and welcomed a focus by internal auditors on this within the C8 Quality Assurance review. This was agreed by members.

The Committee:

- Noted the report.
- Noted that the finalised internal audit plan would be submitted to the 19 June 2012 Audit Committee for approval.
- Noted that internal auditors would continue to produce detailed scopes of each review for management to consider prior to any audit work commencing.
- Agreed that the C8 Quality Assurance review would include a focus on the assessment and reporting of inspections.

### **5.3 B9 Governance Audit Visit Memo**

James Thomson introduced the report, which included an outline of the basis for the report as it was the first time an Audit Visit Memo had been produced for the Care Inspectorate.

As it highlighted issues which should be addressed it would be used as an improvement tool which members noted was helpful. The report also highlighted good practice and recommendations to be taken forward.

It was noted that the Corporate Plan was published on the website and that processes were now in place to publish Board agendas and minutes.

The Committee:

- Noted the report.

### **5.4 C1 Complaints Handling**

James Thomson introduced the report and advised that it was a positive report. Management were continuing to take the recommendations forward. It was noted that the complaints procedure was under review and the report should be noted within that context.

It was clarified that the scope of the audit review did not involve the Complaints Sub-committee because the audit was conducted on the operational aspects of the complaints work. Members felt that they should have been consulted, particularly as the Complaints Sub-committee had a developing role and lessons

|              |                      |                    |
|--------------|----------------------|--------------------|
| Version: 2.0 | Status: <i>Draft</i> | Date: 6 April 2012 |
|--------------|----------------------|--------------------|

learned from complaint reviews could lead to process changes and staff training. It was agreed that Board members' involvement would be clarified when scoping future audit reviews. A further audit could be considered within 2013/14, which could include seeking members' views.

The Committee:

- Noted the report.
- Agreed that Board members' involvement would be clarified when scoping future audit reviews.

## **5.5 Information Governance**

Robert MacKenzie introduced the report and advised that a significant number of improvements were already planned or had started during the audit work and the recommendations resulting from the audit reflected that. The integration of ICT and information governance was beneficial and mirrored similar integration taking place in other public sector bodies. There was a lot of planned activity and a balance needed to be struck between responding to the large number of Freedom of Information queries and progressing the recommendations.

The Committee:

- Noted the report.

## **5.6 C3 Risk Analysis and Intelligence Strategy Development**

Robert MacKenzie introduced this report. The following aspects of the discussion were noted:

- Management responses showed the significant work which had resulted from the audit in January 2012.
- The report was helpful, although a snapshot of what was a rapidly moving process.
- The 13 March 2012 Strategy and Performance Committee had taken assurance from the reports submitted, acknowledged the significant progress made and agreed to move the work forward as a priority. Members should have been appraised of the points contained within the audit report before the three reports on risk and intelligence were considered at the 13 March 2012 Strategy and Performance Committee to allow those members to drill down further.
- It was noted that work had started to take forward the scheduling of operational work and project planning which would help in ensuring reports were submitted to the appropriate meetings in good time.

|              |                      |                    |
|--------------|----------------------|--------------------|
| Version: 2.0 | Status: <i>Draft</i> | Date: 6 April 2012 |
|--------------|----------------------|--------------------|

- To maintain momentum it was agreed that the internal auditors conducted an interim review in approximately six weeks. Risk and intelligence was key to the future of the Care Inspectorate and it was important to report at that stage even though the work would not be completed.
- The scope of the interim review would be defined with the Chief Executive and the Audit Committee Convener.
- Audits should be specific about the scope of the audit, what it was for and why it had been commissioned so that management were clear on what the Care Inspectorate was being audited on. The Audit Committee should have this information prior to any audits being conducted.
- It was a helpful audit, and management actions would accelerate the work in taking the recommendations forward.

The Committee:

- Noted the report.
- Agreed that the internal auditors should conduct an interim review in approximately six weeks.
- The scope of the interim review would be defined with the Chief Executive and the Audit Committee Convener.
- The Audit Committee would receive specific and detailed scopes of future audits, prior to any audits being conducted.

## **5.7 Review of Governance on ICT Investment Decision**

Robert MacKenzie introduced the report, which showed no cause for concern with good practice standards and that the Board and sub-committees were consulted in good time. It was agreed that the Chair would share the report with the Scottish Government colleagues who queried the process. It was clarified that as the Care Inspectorate was a NDPB the Sponsor could be advised in the first instance for agreement being sought rather than approval.

The Committee:

- Noted the report.
- Agreed that the Chair would share the report with the Scottish Government.

## **6.0 EXTERNAL AUDIT REPORTS**

### **6.1 Annual Audit Plan 2011-12**

Brian Howarth introduced the report. The Director of Resources confirmed that the timetable had been reviewed in discussion with the external auditors.

|              |                      |                    |
|--------------|----------------------|--------------------|
| Version: 2.0 | Status: <i>Draft</i> | Date: 6 April 2012 |
|--------------|----------------------|--------------------|

The Committee:

- Noted the report.

**6.2 Audit Scotland Statement of Reliance of Internal Audit 2011-12**

Esther Scoburgh introduced the report and noted that reliance was placed upon the work of the internal auditors and that they worked with them and utilised the internal audit reports to avoid duplication.

The Committee:

- Noted the report.

**7.0 REVIEW OF KPIS/DISCUSSION**

This item was deferred. Members would be contacted for suitable dates.

**8.0 PAPERS FOR INFORMATION**

**8.1 Horizon Scanning – Audit Scotland Report - Scotland’s Public Finances – Addressing the Challenges Report No: A-01-2012**

The Committee:

- Noted the report.

**8.2 External Audit Quality Survey Response**

The Convener of the Audit Committee advised that the response had been circulated and agreed by the Audit Committee prior to submission to Audit Scotland.

The Committee:

- Noted the report.

**9.0 SCHEDULE OF COMMITTEE BUSINESS**

The Committee:

- Noted the report.

|              |                      |                    |
|--------------|----------------------|--------------------|
| Version: 2.0 | Status: <i>Draft</i> | Date: 6 April 2012 |
|--------------|----------------------|--------------------|

**10.0 AOCB**

There was no other business.

**11.0 DATE OF NEXT MEETING**

The date of the next meeting was 19 June 2012, Room 0.24, Compass House, Dundee at 1.30pm.

David Wiseman noted his apologies for both the 25 September 2012 Audit and Resources committees.