Minutes

Meeting:	Audit and Risk Committee
Date:	16 November 2022
Time:	10.30 am
Venue:	Compass House Dundee
Present:	Bill Maxwell, Convener Gavin Dayer Rona Fraser Paul Gray Ronnie Johnson Maria McGill
In Attendance:	Edith Macintosh, Deputy Chief Executive and Executive Director of Strategy and Improvement (DCE &EDSI) 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) Graeme Ferguson, Head of IT Service Delivery (HITSD) (for Item 13 only) Bill Kay, Enterprise Architect, IT Transformation & Digital Directorate (EA)) (for Item 13 only) Sophia Brown, External Auditor, Grant Thornton (EA) Justine Thorpe, External Auditor, Grant Thornton (EA)
Apologies:	Jackie Irvine, Chief Executive (CE) Kevin Mitchell, Executive Director of Scrutiny and Assurance (EDSA)

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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 MEETING HELD ON 8 SEPTEMBER 2022

The minutes of the meeting held on 8 September 2022 were **approved** with an amendment to paragraph 4 of item 9.0 to show:

"in which data and trends to be looked at. This would be reviewed by the Board on an annual basis. EDSI and EDCCS noted that it should be taken to Strategic Leadership Team (SLT) and discussed where it could be raised without a separate report being written. It could possibly be added into effectiveness conversations with thematic analysis."

ESO

5.0   ACTION RECORD OF THE MEETING HELD ON 8 SEPTEMBER 2022

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

6.0   MATTERS ARISING

The Convener updated the meeting on progress in establishing the proposed Member Officer Working Group on Budget Strategy. The Chair of the Board is considering membership of the Group, with Ronnie Johnson already appointed as chair.

The Convener also advised the Committee of his attendance at the third meeting of the Scottish Government Audit Committee Chairs Network, which the Auditor-General had also attended. It was noted that this was a useful network with good inputs from a range of sources.

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7.0 INTERNAL AUDIT REPORT 2022/23 – FOLLOW UP REPORT – REPORT NO: ARC-31-2022

The internal auditors presented the report, which set out the progress made since the previous Follow Up review reported to the Audit and Risk Committee in September 2022. 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 November 2022.

8.0 INTERNAL AUDIT REVIEW: DATA PROTECTION – REPORT NO: ARC-32-2022

The internal auditors presented the report of the internal audit review on Data Protection, which the Committee was invited to note.

The Committee noted that the overall level of assurance was "Good". and that two grade 3 recommendations had been made, by the internal auditors, which were accepted by management.

The Committee agreed that this was a good report and asked the officers present to convey thanks to the team for the result achieved.

9.0 INTERNAL AUDIT REVIEW: PERFORMANCE REPORTING AND KPI'S – REPORT NO: ARC-33-2022

The internal auditors presented the report of their review of the systems in place in relation to Performance Reporting and KPI's, which the Committee was invited to note.

The report provided an overall assurance level of "Good". It was noted that only one grade 3 recommendation was made, which was accepted by the management.

The Committee agreed that this was a very positive report and welcomed the assurance it provided.

10.0 INTERNAL AUDIT REVIEW: PROCUREMENT AND CREDITORS/PURCHASING – REPORT NO: ARC-34-2022

The internal auditors presented the report of the audit review on the effectiveness of the Care Inspectorate's Procurement and Creditors/Purchasing rules and procedures.

The Committee noted the overall level of assurance provided by the report was "Satisfactory".

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Two grade 3 recommendations were made, both of which were accepted by management. The Committee noted the report.

11.0   ANNUAL REPORT AND ACCOUNTS

11.1   DRAFT ANNUAL REPORT AND ACCOUNTS 2021/22

The Convener thanked officers for a further revised draft of the Annual Report and Accounts. The Committee agreed some further minor amendments be made prior to the final draft being submitted to the Board for approval on 21 November 2022.

HOFCG

Annual Report & Accounts to be finalised with the minor amendments agreed by the Committee and presented to the full Board with Audit and Risk Committee's recommendation that they be approved.

11.2   EXTERNAL AUDIT REPORT TO THE BOARD AND THE AUDITOR GENERAL FOR SCOTLAND FOR THE FINANCIAL YEAR ENDED MARCH 2022

The external auditor briefed the Committee on the outcomes of the 2021/22 external audit. The Committee was pleased to note that the organisation was in receipt of a clean audit, with the auditors proposing to issue an unmodified audit opinion.

The auditors thanked the Head of Finance and Corporate Governance and his team for their co-operation in ensuring an effective audit.

The Committee noted the positive external audit report and recorded its appreciation of the work of all staff involved in securing this outcome.

11.3   DRAFT LETTER OF REPRESENTATION

The Committee **approved** the draft Letter of Representation, based on minor changes being made to "Dear Sirs" and adding "Chief Executive and Accountable Officer" on the signature block.

HOFCG

12.0   AUDIT AND RISK COMMITTEE ANNUAL REPORT TO THE BOARD 2021/22 – REPORT NO: ARC-35-2022

The Head of Finance and Corporate Governance presented the final draft of the Committee's Annual Report to the Board, which the Committee was invited to approve.

The Committee thanked officers for the work done on the preparation of the report and **approved** it for submission to the Board.

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13.0   IT AND DIGITAL TRANSFORMATION UPDATE

13.1   CFDL IMPACT OF TRANSFORMATION BEING UNFUNDED – REPORT NO: ARC-36-2022

The Executive Director of IT and Digital Transformation presented the Committee with a report which provided an overview of the risks in the event that full funding was not secured for the digital transformation programme specified in the Stage 2 Business Case.

The Committee discussed the report, noted the serious implications should this scenario arise, and agreed to draw this matter to the Board's attention.

13.2   DIGITAL PROGRAMME UPDATE – REPORT NO: ARC-37-2022

The Head of IT and Service Delivery presented a report, which provided the Committee with its quarterly update on progress of the Digital Programme. The report focussed on the progress which continues to be made in implementing Stage 1, which covered Complaints and Registrations and The Register. It also and provided a brief update on the Stage 2 Business Case progress, programme finances and overall progress.

The Committee noted the report and commended the team on the work carried out so far.

13.3   CFDL CYBER SECURITY UPDATE – REPORT NO: ARC-38-2022

The Executive Director of IT and Digital Transformation presented the report which provided a progress update on the Cyber Security Improvement Plan, from July 2022 to September 2022 (Q2).
The Committee discussed the report and agreed to draw this matter to the Board's attention.

14.0   STRATEGIC RISK REGISTER MONITORING AND ASSURANCE MAPPING

14.1   STRATEGIC RISK REGISTER – REPORT NO: ARC-39-2022

The Head of Finance and Corporate Governance presented a report which set out the current strategic risk status for the Committee's consideration. The report highlighted a potential new strategic risk on the sustainability of the Care Inspectorate's legacy business application. This new risk reflected concerns discussed earlier in the meeting about delays to the approval of the stage 2 transformation business case and the implications for the organisation's delivery of core business if the business case was not fully funded by the Scottish Government.

The Committee was invited to consider this new risk and whether it should be added to the Strategic Risk Register for future monitoring by the Committee and Board.

After Committee discussion, it was **agreed** that this should be included on the register and should be recommended by the Audit and Risk Committee for it to be approved by the Board.

14.2 ASSURANCE MAPPING

The Head of Finance and Corporate Governance provided the Committee with the SharePoint link for them to access all information on this item.

15.0 HORIZON SCANNING – CIPFA COMMITTEE UPDATE

No relevant reports had been identified since the last committee meeting.

16.0 AUDIT AND RISK COMMITTEE NARRATIVE TO THE BOARD

The committee discussed key items from the meeting's business which should be highlighted to the Board, including:

- The positive outcomes of the internal audits presented to the committee
- Recommendation to the Board to approve the Annual Report and Accounts and Governance Statement.
- The Audit and Risk Committee Annual Report to the Board
- Impact on risk to business in the event that Stage 2 Digital Transformation is not fully funded
- New Proposed Risk added to the Strategic Risk Register

17.0 SCHEDULE OF COMMITTEE BUSINESS 2022-23

- Private meeting to be set up with new External Auditors
- Annual Audit Plan 2022/23 – Annual Accounts

18.0 ANY OTHER COMPETENT BUSINESS

There was no other competent business.

19.0   DATE OF THE NEXT MEETING

The date of the next meeting was noted as Thursday 9 March 2023 10.30 – 13.30 in Compass House, Dundee.

20.0   CLOSE

Signed:

Bill Maxwell, Convener