# Note

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| **Meeting Date** | Thursday 26 September, 2019; 10:30 – 12:00 |
| **Committee** | Jean Couper, Chair  Andy Shaw  David Watt |
| **Attendees** | External Auditor - Deloitte: Kyle McAuley  Internal Auditor - SLAB: Nicola Johnston and Anne Smith  Ombudsman - Rosemary Agnew  Director - Niki Maclean  Corporate Services Manager - Fiona Paterson (note taker) |
| **Observer** | Theresa Valtin, Communications Manager |
| **Apologies** | External Auditor - Deloitte: Pat Kenny  Head of Improvement, Standards and Engagement - John Stevenson |

| **Item** | **Subject** | **Main points of discussion** | **Actions agreed** | **Due** | **Lead** |
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| 1. | Declarations of Interest | 1. AAB noted the retirement of Jim McCormick from the Board and the Chair welcomed the new member, Andy Shaw, to the meeting. 2. There were no additional matters for declaration, other than already noted on the published Declarations of Interest. |  |  |  |
| 2. | Previous notes, outstanding action points | 1. The previous notes and outstanding actions were reviewed and there were no additional matters arising from the review. |  |  |  |
| 3. | Financial report | 1. The AAB noted the year-end financial position outlined in the report, including the cash balances. The report also outlined the additional in-year funding requests for 2019-20, the majority of which is attributed to the additional pension and other staff related costs. 2. The Director provided a copy of the SPSO 2020-21 budget submitted to the SPCB on 19 September 2019. She highlighted the area of significant uplift was staff costs with no variation to head count, due to the additional pension and other staff related costs. 3. The Ombudsman shared the Financial Memorandum for the implementation of the new Independent National (NHS) Whistle-blowing Officer (INWO) jurisdiction, and the organisational planning and reorganisation that will be undertaken to incorporate this new activity. 4. The AAB noted the risks and the number of unknowns associated with the new INWO activity. |  |  |  |
| 4. | External Audit report | 1. The AAB provided their final comments and review of the SPSO Annual Report and Accounts. The AAB noted that the report read very well, with a balanced presentation and clear language. The AAB provided helpful editing suggestions, and noted the movement of case proportion between SWF categories. The AAB noted this example of shift in case type presents an opportunity to draw out the impact on office workflow and resource planning implications. 2. The Ombudsman expressed thanks to all colleagues who contributed to the completion of the document. 3. External Auditor outlined the key messages from the Audit Report. 4. The AAB suggested, for completeness, including a few sentences about the accommodation move project, as this was a major financial undertaking and the audit report makes up part of the historic corporate record of the organisation. | 2. Formal recording of the approved approach. | 2. 05/19 | 2. Dir |
| 5. | Internal Audit report | 1. The Internal Auditor provided an outline of the audit undertakings and outcomes for the year-to-date: Payroll, Risk Management, Business Continuity and IS Installation. 2. The Internal Auditor confirmed Payroll is audited every year, despite steady outcomes, as the risk assessment for this financial process is such that if anything were to go wrong the impact would be substantial. 3. The AAB discussed the robustness of SPSO relationship with the payroll contractor, and it was confirmed there are currently no issues to report despite the experience of other organisations. In addition, it was observed the contractor provided additional support to the Mat-leave cover in the previous year, beyond contractual obligations or expectations. 4. The AAB discussed the Risk Management audit process and the new Scottish Government guidance which, it was noted, had not yet been incorporated into the best value tool kit used for these assessments. It was expected this gap would be resolved in the coming year’s assessment. 5. The AAB asked, given the gravitas the work requires, was the management response appropriate and involved? The Auditor noted there was a culture of embedded risk management throughout the organisation, with effective controls. 6. The Ombudsman responded by explaining that risk management begins with the strategic plan and accompanying risk register. The annual business plans are linked directly to the operational risk register and risk assessments are provided for all additional work and projects. Risks are updated in real time following Leadership Team meetings. 7. The AAB noted the Business Continuity Plan was significantly updated following the move to Bridgeside House and the resulting changes to working processes. The AAB noted that they would like to see more testing of the elements of the new BCP, as is proportionate to the type of service delivered by the organisation. 8. The AAB noted that the internal auditor, having discovered that the SPSO servers were located at a location in Hamilton and not at Saughton House Edinburgh, did not review the security arrangements at that site and therefore did not report upon that. The internal auditor confirmed that the correct location of the SPSO servers in the Hamilton site was not known and therefore not addressed in the previous internal audit report either. 9. The AAB noted that no service reports had been received for a very significant period of time, as contractually agreed. 10. These two concerns make it difficult for the Ombudsman to take assurance from the audit of this major contracted service. |  |  |  |
| 6. | Risk, Incident and Issues report; including Business Plan performance. | 1. The Ombudsman updated the AAB on the revised operational risks for quarter two, in particular, those relating to resourcing. 2. The AAB discussed the strategic risks, in particular, SR4 relating to funding and resources. The AAB suggested expanding the wording to cover the statutory and non-statutory requirements. |  |  |  |
| 7. | AOB | 1. Director confirmed she would provide a report on the Prevention of Fraud, in conjunction with the internal audit report on anti-bribery, fraud and corruption. | 1. Produce a paper on approach to the avoidance of fraud. | 1. Mar 20 | Dir |

Approved for publication on 18 November 2019

**Jean Couper, Chair**