

Note

Meeting Date	Thursday 25 March 2021; 10:30 – 12:45
Board	Jean Couper, Chair Andy Shaw David Watt
Attendees	External Auditor - Deloitte: Rebecca McConnachie Internal Auditor - Wylie and Bisset: Stephen Pringle Ombudsman - Rosemary Agnew Director - Niki Maclean Corporate Services Manager - Fiona Paterson (note taker)
Apologies	Head of Improvement, Standards and Engagement - Vacant

Item	Subject	Main points of discussion	Actions agreed	Due	Lead
		The AAB undertook the annual self-assessment process prior to the open meeting. The self-assessment was administered by the Internal Auditor.			
1.	Welcome	The Chair thanked everyone for attending and noted the technical difficulties that may be experienced by attendees during this video-conference meeting.			



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2.	Declarations of Interest	There were no additional matters for declaration, other than already noted on the published Declarations of Interest.			
3.	Previous notes, outstanding action points	<p>The previous notes and outstanding actions were reviewed.</p> <p>The AAB asked the Internal Auditor to ensure the carried-over action from the minutes, referencing the inclusion of an additional KPI reflecting the value-added component of the contract, such as continuous improvement for example, is included in the new 2021-22 activity plan, , along with feedback from AAB and management. The Internal Auditor agreed to formalise feedback from the activities.</p> <p>There were no additional matters arising from the review.</p>			
3.	Financial report	<p>The Director provided a summary of the year-to-date financial position, including the agreement with SPCB to use the underspend of the SPSO-specific budget to meet the Bridgeside House overspend from property costs.</p> <p>The Director explained that the significant fall in professional adviser costs was due to three things relating to the C-19 pandemic - the fall in casework received, the restricted availability of health advisers, and the slowdown in processing casework due to IT availability and reduction in Complaints Reviewer resource. The final quarter of this year has seen a return to normal levels for all three areas.</p> <p>The indirect cost due to the loss of staffing resource has been recorded through timesheets and is being tracked closely, with the estimated cost to end-January 21 noted in the paper. HR policies have been modified to</p>	Consider how to present the impact of C-19 on resources in the management accounts	Jun 21	Dir



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		<p>adapt to the changing circumstances. The AAB suggested reporting this indirect cost through the management accounts.</p> <p>The AAB noted the predicted year-end financial position outlined in the report.</p>			
4.	External Audit report	<p>External Auditor's Planning Report 2020-21</p> <p>The External Auditor highlighted the key pages of the report to the AAB, including the timeline, risks, hot topics and new requirement for a management assessment of the going concern assumption. The Auditor explained the increased materiality was due to the change in range that can be applied, with the mid-point of 3.5%.</p> <p>The AAB questioned the increase in materiality threshold as, in their view, the risks hadn't reduced and this may impact on the depth of audit. They noted they felt uneasy at the scale of shift in these circumstances, but recognised it is the Auditor's judgement to make.</p> <p>The Auditor gave assurance that the scope remained the same, a 10% performance materiality remains in place for analytical assessment, testing for prepayments as a significant risk area will be addressed, and in the context of the Ombudsman's accounts, testing of staff costs has a higher threshold than normal.</p> <p>The AAB requested to be informed of what could and could not be done during the audit, any constraints and the impact on the audit output.</p>	Include in report to AAB any constraints encountered, and their impact.	Sep 21	Auditor



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5.	Internal Audit report	<p>The Internal Auditor presented to the AAB the four internal audit reports for 2020-21 and the activity plan for 2021-22.</p> <p>1. Intern Audit Plan 2021-22 – The AAB recognised the inclusion of an area of finance for the 2021-22 activities. The AAB questioned the value of the H&S activity following the business continuity activity of this year, which covered H&S issues in some depth. The management responded that with the significant shift to working from home there is an inherent increase in risk with the changing circumstances. The considerable change in working practices and working patterns will be considered for H&S implications, and the focus will be on assurance that guidance has been implemented and followed, with an appropriate level of compliance.</p> <p>Similarly, the AAB questioned what would be the added value of undertaking the performance management activity, i.e., what could internal audit do that isn't already being done by management, and how will it be measured?</p> <p>The AAB noted that the internal audit activity undertaken for this year was relevant to current risks, but asked if there was a direct link to the organisation's risks for the next year's outputs.</p> <p>The Internal Auditors and Management will consider these two aspects of added value and link to risks and provide greater clarity to enhance these areas.</p> <p>2. Follow-up Review of recommendations made in 2019-20 – The AAB accepted the superseded actions and noted the very strong report</p>	1. Increase the added value and link to the risk register for the 2021-22 activity plan	Sep 21	1. IA



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		<p>which reflected well on the SPSO as a proactive organisation in the implementation of recommendations when made.</p> <p>3. Data Management (GDPR) – The AAB noted the report read well and gave strong assurance for data protection within the SPSO.</p> <p>4. Cyber Resilience – The AAB noted the report was very informative, clearly written and comprehensive. The management confirmed they were on track to complete the outstanding actions.</p> <p>It was noted that no penetration testing was undertaken due to the lockdown restrictions. There may be an option to undertake vulnerability testing when future working arrangements are in place following the lifting of restrictions.</p> <p>The AAB raised that cyber risks have changed since this audit was undertaken, and there is more reliance on individuals to not allow viruses onto the system, therefore, a greater need for staff awareness training. The Ombudsman noted that in the early days of the pandemic a higher level of risk was tolerated until all staff were issued with SCOTS laptops.</p> <p>This audit provided management with assurance of the level of security provided by being on the Scottish Government infrastructure.</p> <p>5. Business Continuity Planning in Relation to COVID-19 – The AAB noted this report flowed on from the Cyber Resilience report, taking account of the remote working brought about by the pandemic. The Ombudsman gave her thanks to the Incident Response Team, management and all staff for their proactive response to this incident.</p>			



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6.	Risk, Incident and Issues report; including Business Plan performance.	<p>The AAB noted that the risk profile has remained mostly steady over the three-year reporting period. They discussed what the emerging impact of the withdrawal of the UK from the EU is expected to have on the SPSO, and suggested there is now more clarity and stability around the impact of this strategic risk.</p> <p>The Ombudsman updated the AAB on the project to review the risk appetite with the management team, that may lead to a review of how the operational risks are managed, in line with the Business Plan breakdown across management areas.</p>			
7.	AOB	<p>The Chair noted the retirement of the Head of ISE, and requested a note of thanks be sent on behalf of the AAB.</p> <p>The Chair announced her own pending retirement, and informed the meeting that Andy Shaw will assume the Chair for the June meeting.</p> <p>The Ombudsman thanked the Chair for her contributions to the SPSO during the time as a member then Chair of the SPSO AAB, and responded that it had been very good working together in the various settings over the years.</p>	Thank you note to HoISE	Apr 21	CSM
		The Chair closed the meeting, with best wishes.			

Approved for publication 27 April 2021

Jean Couper, Chair