

SPSO Advisory Audit Board Report (2024-25)

Report from the Chair

Introduction

This report summarises the SPSO Advisory Audit Board's (AAB's) work in relation to 2024-25, the sources of assurance received by the AAB to fulfil its role and its overall conclusion based on that work.

As per its terms of reference (attached) the overall objective of the AAB is to provide advice to the Ombudsman, as Accountable Officer, on the quality of corporate governance, risk management and internal controls for the organisation. This is principally achieved by:

- reviewing in detail the SPSO's Annual Report and Financial Statements and recommending these for approval;
- considering reports from the external auditor relating to the financial statements;
- making recommendations, where appropriate, on the quality of internal controls;
- commenting on, and where appropriate, informing the internal audit approach; and
- reviewing the SPSO's arrangements for managing risk.

In addition, the AAB offers advice to the Accountable Officer (Ombudsman) on any governance, risk and control matters which may arise.

AAB Terms of Reference

The AAB's terms of reference are kept under regular review. At the end of the previous financial year, as in previous years, the AAB reviewed its own effectiveness utilising the 'Audit Committee Self-Assessment Checklist'. Members considered the AAB's performance when they met together ahead of that AAB March meeting, joined by the internal auditor who facilitated the process. The members shared their views and through discussion agreed their conclusions on the effectiveness of the AAB in meeting its Terms of Reference.

Members were satisfied with the overall performance of the AAB and noted that a particular strength of the SPSO was the level and quality of engagement by management in the business of the AAB. The availability of sufficient, reliable and timely information from management and the external and internal auditors have enabled the AAB to fulfil its responsibilities in accordance with its remit.

AAB Membership

During 2024-25, the members of the AAB were:

- David Watt CA CPFA, Chair
- Claire Robertson CA (to September 2024)
- Steve Renwick (retired FCA, CPFA) (from September 2024)
- Siobhan White CPFA (from September 2024)

Collectively, the AAB has sufficient expertise and experience relative to the areas within its remit.

AAB meetings

The AAB met on three occasions during the financial year 2024-25:

- 28 June 2024
- 27 September 2024
- 27 March 2025

Meetings held on 19 June and 24 September 2025 also dealt with matters relating to 2023-24.

All members of the AAB attended all meetings for which they were eligible. Meetings were, therefore, quorate. Notes of these [meetings](#) are available on the SPSO website.

Attendance at meetings

All meetings of the AAB were attended by the Scottish Public Services Ombudsman, Rosemary Agnew, together with a few other senior officers.

Senior officers and SPSO colleagues who attended a least one of the AAB meetings during 2024-25

- Stuart Crickmar, SPSO Head of Corporate and Shared Services
- Andrew Sherridan, SPSO Head of Improvement, Standards and Engagement
- Judy Saddler, Head of Investigations (PSC)
- Elaine Cameron, Head of Investigations (INWO/SWF)
- Fiona Paterson, Corporate Services Manager (Secretary)
- Adam Warner, Engagement and Communications Manager
- Laura Kilpatrick, Communications Officer

Representatives of the appointed external auditors (Audit Scotland) and internal auditors (wbg) who attended a least one of the AAB meetings during 2024-25

- Tommy Yule (Audit Scotland, Senior Audit Manager)
- Neil Maclean (Audit Scotland, Senior Auditor)
- Hector Stalker (Audit Scotland, Auditor)
- Stephen Pringle (wbg)
- Conor McGinley (wbg)

Work of the AAB

Financial reporting

The AAB considered Audit Scotland's audit plan in relation to the 2024-25 annual report and financial statements at its meeting in March 2025 and agreed with the assessment that the key risk relating to misstatement was in relation to fraud caused by management override of controls. This risk is mandated by Auditing Standards. The auditors intended to apply the "less complex entities" provisions of the Audit Scotland Code of Audit Practice in the scoping of the audit, meaning that wider scope work would relate only to 'financial sustainability' and Best Value.

Having had an opportunity to consider and provide feedback on the draft annual report and financial statements for 2024-25 at its meeting in June 2025, these were formally considered by the AAB at its September 2025 meeting. That review included the financial outturn against the resource budget agreed with the Scottish Parliamentary Corporate Body, the principal risks and uncertainties facing the business, the governance statement and the Parliamentary accountability report.

The opinion reached by the External Auditors in relation to the financial statements for 2024-25 is to be unmodified. In the opinion of the External Auditors therefore, in all material respects, expenditure had been applied for the purposes intended by Parliament and all financial transactions were compliant with the relevant authorities that are required.

The External Auditors also advised that they had no further concerns or observations to make in relation to the financial statements.

Internal audit

During the financial year the Internal Auditors reviewed the casework management and quality assurance mechanisms, undertaking reviews of:

- Governance
- Shared Services Provision
- Learning and Development
- Follow-up review of previous year's recommendations

Each report was considered and accepted by the AAB; the AAB noted and endorsed the audit recommendations agreed with management.

The overall opinion reached by the Internal Auditor was that SPSO has an adequate and effective risk management, control and governance processes to manage the achievement of SPSO's objectives at the time of the internal audit work. In their opinion, SPSO has proper arrangements to promote and secure value for money.

Systems of governance and internal control

During the year, in addition to matters relating to external and internal audit, at its meetings the AAB received reports in relation to Risk Management and Internal Control. The AAB considered the arrangements for identifying, assessing and managing risk and focussed on those areas identified as 'high risk'.

In relation to strategic processes for developing controls, managing risk and ensuring sound governance, during 2024-25 the AAB sought to assure itself that:

- the risk management culture was appropriate and proportionate;
- there was a comprehensive process for identifying and evaluating risk and for reviewing what level of risk was defensible;
- the risk register accurately records and reflects the risk identified by the SPSO;
- management had an informed and realistic view of how effective controls were;
- risk management was being implemented in a way that was proportionate and benefitted the SPSO and added value;
- all staff had an awareness of the importance of risk management and the need to proactively identify and respond to risk;
- the systems of internal controls were operating effectively; and
- the Accounting Officer's annual governance statement was realistic and supported by meaningful evidence.

The AAB noted that neither External Audit nor Internal Audit identified any areas of serious concern. In addition, the AAB noted the ongoing effective working relationship evidenced between the External and Internal Auditors, and with senior management. Management responded promptly and positively to audit recommendations and the auditors moved quickly to address any emerging issues of concern to the SPSO or the AAB.

The AAB continues to support the Ombudsman in meeting the governance and accountability requirements of the office. The AAB proactively monitors and advises the Ombudsman in relation to progress and any concerns across all areas of its remit. This proactive approach is particularly important in light of the significant proposed extensions to the jurisdiction of the SPSO and the challenges which will flow from that. While the AAB believes the SPSO is well placed overall to respond to these challenges it notes the significant and developing risk for the SPSO of an increased workload from both its current and agreed extensions to its jurisdiction. If increased workloads arise but resources, both staffing and financial, are not sufficient there is a risk the SPSO may not be able to maintain efficient and effective delivery of its statutory duties.

David Watt

Chair, SPSO Advisory Audit Board

25 September 2025

Annex 1

Advisory Audit Board (Terms of Reference) (2024-25)

AAB Purpose

1. The Ombudsman has established an AAB to perform a function similar to that of an Audit Committee. The main purpose of the AAB is to provide advice to the Ombudsman (and LT) on the SPSO's standard of corporate governance and internal control.
2. The AAB considers matters of governance, audit and internal control for the SPSO. In particular, the AAB provides confirmation for the Ombudsman on whether the necessary assurances required for the signing of the Governance Statement contained within the annual accounts have been provided.
3. The AAB specifically considers and advises on:
 - 3.1. the adequacy of the arrangements for ensuring sound governance and internal control
 - 3.2. the assessment and management of business risk
 - 3.3. the planned activity of Internal Audit and results of its work
 - 3.4. the planned activity of the External Auditor and results of its work, particularly in relation to the SPSO's Annual Report and Accounts
 - 3.5. the adequacy of management responses to issues identified by audit activity and the arrangements for monitoring the implementation of agreed recommendations, and
 - 3.6. other sources of assurance relating to the corporate governance requirements of the Parliament such as value for money.
4. The AAB reports to the Ombudsman annually and other such times as it considers necessary.
5. The AAB also advises the Ombudsman and LT on significant matters as they arise.

AAB Frequency

6. The AAB will meet a minimum of twice a year, more often at the discretion of the Chair and in consultation with the Ombudsman.

AAB membership

7. The AAB will have up to four independent members, appointed by the Ombudsman based on their expertise and experience in governance, audit, finance and public services.
8. The AAB may be drawn from the external members of the SPCB AAB, serving under the terms of appointment to the SPCB AAB and remunerated by the Scottish Parliamentary Corporate Body (SPCB) as part of a shared service agreement.
9. Any other independent members shall be appointed for an initial period of three years with the potential to extend membership for a further three years at the Ombudsman's discretion.
10. The current membership is:
 - 10.1. David Watt (Chair);
 - 10.2. Claire Robertson;
 - 10.3. Siobhan White; and
 - 10.4. Steve Renwick.
11. AAB meetings are normally attended by the LT, the External Auditor (as appointed by the Auditor General for Scotland) and the Internal Auditor. Other members of the SPSO may attend from time to time to assist the AAB in its considerations.

AAB Quorum

12. Two members of the AAB must be present to be quorate.

13. Meetings will normally be chaired by the AAB Chair. If the Chair is unavailable meetings will always be chaired by a member of the AAB at the request of the Chair.

AAB Agenda

14. The AAB will follow a set agenda, based on the duties at paragraph 71.
15. The agenda, venue and time of meeting must be published by the secretariat no later than seven working days before the meeting. Supporting papers will normally be issued at the same time. Papers can only be submitted late with the Chair's permission.
16. This may be changed and the reasons and new agenda recorded in minutes.
17. The Chair may vary the agenda on a meeting-by-meeting basis to meet particular needs.

AAB Minutes

18. Draft minutes will be circulated by the secretariat within seven working days of the meeting. They will be agreed at either the next AAB meeting, an operational meeting, or by email as required. The method of sign-off shall be agreed at the end of each meeting.
19. Minutes will be drafted in such a way as to minimise inclusion of personal data.
20. The secretariat will arrange publication of the signed minutes on the SPSO's website, appropriately redacted to protect personal data or in line with exemptions that would apply to the information under freedom information legislation. Where information is redacted, the reference to relevant sections of legislation should be included.