

## Note of the Audit and Advisory Committee Meeting held on 5 August 2014

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*Committee:*

Tom Frawley	Chair
Heather Logan	
Douglas Sinclair	

*In attendance:*

Internal Auditor	Nick MacDonald, SLAB
External Auditor	Patricia Fraser and Ross Hubert, Audit Scotland
Jim Martin	Ombudsman
Niki Maclean	Director
Emma Gray	Head of Policy and External Communications
Paul McFadden	Head of Complaints Standards
Fiona Paterson	Senior Personal Assistant (minute taker for open meeting)

*Apologies:*

Rachel Nicholson	Executive Casework Officer
Gillian Woolman	Audit Scotland

*Observer:*

Steven Noble	Complaints Reviewer
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1. The AAC met for a briefing by the Ombudsman from 09:15, and at 09:45 they were introduced to all the staff at the Staff Briefing. The AAC met the External Auditor in private from 10:15 and the meeting with the senior management team began at 10:30.
2. No declarations of interest were recorded. The note of the meeting held on 6 May 2014 was agreed with no amendments and approved for circulation.
3. **Internal Auditor's Report**  
The Internal Auditor took the AAC through the final plan for audit engagement for the period 2014-15. The AAC also received clarification on what would be involved in the audit of Case Management.
4. **External Auditor's report**  
The External Auditor reported to the AAC that the 2013-14 audit had been completed and that they anticipated issuing an unqualified auditor's report on 11 August 2014. The Auditor discussed the two key judgements which they considered were not material to the accounts. They concluded that no unadjusted misstatements were identified and that the audit report was not qualified.
5. **Financial Monitoring**  
The Director tabled the expenditure to date against the budget for 2014-15, and asked the AAC to note the known unbudgeted liabilities. The Committee was reassured that the

liabilities were being monitored closely and should they not be absorbed within the existing approved budget there is the option to apply to the SPCB for contingency funds.

In line with the Audit Plan, the 2013-14 accounts were tabled for final review.

The AAC noted the 2013-14 Statement of Expenditure which it was agreed could now be published as part of the Annual Report.

## 6. Risk Register and exceptions

The AAC reviewed the risks recorded in the Risk Register published as part of the 2014-15 Business Plan. The AAC discussed how the Ombudsman's annual letters which would be issued with the Complaint Handling Reports could be used to improve bodies under jurisdiction (BUJs) complaints handling, thus potentially reducing the number of complaints submitted to SPSO.

The AAC also explored whether it was possible to receive reports that could help project the number of complaints that may come to SPSO. The Director outlined the types of intelligence collected and collated from the regular contact and meetings with the ten BUJs who currently generate 50% of the complaints received.

In the ensuing discussion, the AAC identified a number of other points for consideration by the management team:

1. The AAC suggested the reordering of the proposed Strategic Objectives that were currently being considered for inclusion in the next Strategic Plan. It was suggested that SO2 could be moved to below SO4, thus following a logical progression of the order of expected outcomes for public services.
2. The AAC suggested noting in the register additional control actions that would reduce the impact of risks that are currently registered.
3. The AAC discussed whether a Target Likelihood of 1 for the open risks was achievable within a Business Plan that was proportionate, and therefore perhaps a higher tolerance level could be considered for some risks.

PM tabled the risk interrogation paper for discussion. The AAC noted that the reputational risk of the CHP model failing in practice would actually rest mostly with the body under jurisdiction. After the discussion, the AAC agreed reputational risk should be included in the risk register as proposed.

## 7. Performance Information

- a. Corporate Services:* The AAC noted the first quarter performance against the 2014-15 Business Plan. The AAC discussed the 2013-14 staff survey report in detail and noted the overall positive response despite the difficult climate the public service was operating in.
- b. Casework:* The AAC reviewed the Q1 casework statistics and BUJ performance out turn. The Ombudsman asked the AAC to note the higher than predicted number of cases received, the AAC discussed the possible impact on the business should this rise in the volume of cases continue, it was agreed the situation should be proactively monitored.

The AAC suggested including the date on which the oldest case open in the office was received in order to provide a more customer-focussed insight. .

- c. *Policy Group:* The AAC were informed of the current discussions around the review of the NHS complaint handling process with key partners in the NHS. The AAC were also, advised of proposed discussions to progress research into the costs of local authority complaint handling.

The AAC were updated on the on-going discussions and preparations for the introduction and implications of the Welfare Funds (Scotland) Bill currently progressing through Parliament and also the European Union directive on alternative dispute resolution (ADR) and online dispute resolution (ODR).

The AAC were informed of the key themes included in this year's Annual Report and discussed its impact and potential reaction to the Report following the launch which was scheduled for mid-August.

#### 8. **Service Improvement Report**

The AAC were informed of the current stakeholder consultation on service review standards. The AAC were updated on the progress of various service improvement projects being undertaken as part of the continuous improvement agenda of the SPSO. The AAC noted that an important balance had been struck between the day-to-day core business and the time allocated to improve the quality of work and standard of service being delivered.

- 9. The meeting closed at 12:30.