

Note of the Audit and Advisory Committee Meeting held on 17 February 2015

Committee:

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| Tom Frawley | Chair |
| Heather Logan | |
| Douglas Sinclair | |

In attendance:

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| Internal Auditor | Nick MacDonald, SLAB |
| External Auditor | Gillian Woolman, Audit Scotland |
| Jim Martin | Ombudsman |
| Niki Maclean | Director |
| Paul McFadden | Head of Complaints Standards |
| Fiona Paterson | Senior Personal Assistant (minute taker for open meeting) |
| Rachel Nicholson | Executive Casework Officer |

Observing:

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| Elizabeth Derrington | Independent Customer Complaints Reviewer |
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Apologies:

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| Emma Gray | Head of Policy and External Communications |
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1. The AAC met for a briefing by the Ombudsman from 09:15. This was followed by the annual Audit Committee self-assessment process, facilitated by the Internal Auditor. The meeting with the senior management team began at 10:30.
2. The Chair noted there were no particular matters identified in closed meeting with Ombudsman that required to be discussed at the open meeting.
3. Declarations of interest were received from Heather Logan and Douglas Sinclair in relation Audit Scotland matters, as they are on the Board. Gillian Woolman informed the AAC that she was also the appointed Auditor for the Standards Commissioner and the Scottish Commissioner for Children and Young People.
4. The note of the meeting held on 21 October 2014 was agreed with no amendments and approved for circulation. Matters arising from the minute included reiterating the importance of including the Local Government Audit and Scrutiny Committees in the circulation list for the SPSO Annual Letters to councils. The Director assured the Committee that these committees would be included in the circulation of this year's letters.
5. **Internal Auditor's Report**
The Strategic Internal Audit Plan for 2015-18 and the annual activity plan for 2015-16 were each tabled for the AAC's information. The AAC indicated they were content that the Director should agree a timetable for each element of the programme with the Internal Auditor to match operational needs. The AAC asked for an assurance that activities which only appeared once per cycle were not audited more than four years apart and the internal auditor provided this assurance. The AAC were also given an assurance that the number of audit days were consistent with the number of audit days allocated to undertake the Plan in the previous year.

6. External Auditor's report

The draft Annual Audit Plan 2014-15 was tabled for the AAC to review and comment. The Committee noted the plan and suggested some minor amendments. The final AAP will be issued to SPSO following the meeting.

7. Financial Monitoring

The Director tabled the expenditure to date against the budget for 2014-15. The AAC discussed the detailed notes accompanying the report and noted that contingency funding was included in the tabled figures.

8. Risk Management

The AAC noted that no critical risks had been identified that might impact the Office's ability to meet its business plan nor had there had been any declarations of fraud or control failure incidents.

The AAC discussed the report covering the security incident of 5 December 2014. The AAC also discussed in detail the interrogation paper relating to the potential risks associated with SPSO assuming new powers, in particular, for the Scottish Welfare Fund.

9. Performance Information

- a. *Corporate Services:* The AAC noted the Q3 performance against the 2014-15 Business Plan and discussed the planning process for the next business plan. The AAC advised that it was important that performance indicators should only measure the progress of what is in the control of the organisation. The Director confirmed to the AAC that the performance information and reporting format would be reviewed before the business plan for next operational period was finalised.

The AAC also advised of the need to be aware of the limits on organisational capacity to implement the new business plan, and to ensure that unnecessary activities are not absorbing valuable finite resources.

- b. *Casework:* The AAC reviewed the Q3 casework statistics and BUJ performance out turn. For the coming year, the AAC cautioned against changing the performance indicators for casework, as the SPSO is the exemplar complaint handler in Scotland. It would be to the detriment of the user and very difficult to return to the current measures if new approaches did not deliver. The Ombudsman responding, asked that the Committee be aware that he had to strike a balance between the user of the service with his duty of care for his employees, and he asked that it be noted that this was becoming increasingly difficult in a period of increasing demand and reducing resources.
- c. *Policy Group:* The AAC noted the Q3 update and the continuing progress being made.
- d. *Service Improvement Report:* The AAC noted the Q3 report on organisational learning from customer service complaints which will be published on the SPSO website.

10. The meeting closed at 12:15 and was followed by a presentation by the Senior Management Team on a current organisational initiative.