

We work **independently** and **fairly**
We are **customer-focused** and value **integrity** and **respect**
We value **learning** and **improvement**

Note of the Audit and Advisory Committee (AAC) Meeting held on 8 June 2017

Committee:

Tom Frawley	Chair
Jim McCormick	
Vacant	

In attendance:

Pat Kenny	External Audit Manager, Deloitte
Nicola Johnston	Head of Internal Audit, SLAB
Alan Haddow	Internal Auditor, SLAB
Elizabeth Derrington	Independent Customer Complaints Reviewer, ICRS
Rosemary Agnew	Scottish Public Services Ombudsman
John Stevenson	Head of Complaints Standards
Fiona Paterson	Corporate Services Manager (minute taker for open meeting)
Alison Jack	SWF Team Manager

Apologies:

Niki Maclean	Director
Emma Gray	Head of Communications and Engagement

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1. Ahead of the meeting, the AAC met with the Ombudsman and discussed a range of issues including the Ombudsman's priorities going forward. The AAC was briefed on current and emerging issues that may impact the SPSO.
 2. The AAC meeting commenced at 14.30 when the members were joined by the Senior Management Team and the auditors; there were a number of observers in attendance. The Chair welcomed the new Ombudsman, Rosemary Agnew, to her first meeting of the AAC. The Chair indicated that the AAC was looking forward to working with the new Ombudsman, building on what's gone before and supporting the Ombudsman in addressing the new challenges that lay ahead.
 3. The Chair welcomed the Independent Customer Complaints Reviewer to the meeting to present an overview of the reviews undertaken during 2016-17. The Chair asked that the apologies be noted.

Jim McCormick asked that the minutes record his appreciation that the meeting had been rescheduled to facilitate his attendance at a meeting on the behalf of the Scottish Government.

4. **Matters arising**

The Chair asked that it be noted that there were no matters identified in the member's briefing with the Ombudsman that required to be included in the agenda of today's meeting. The Chair also asked that it be recorded that the process to appoint a member to the vacant position on the AAC had been initiated by the Ombudsman.

5. **Declarations of interest**

The Chair asked if any members wished to record a conflict of interest. Jim McCormick indicated that he will be chairing a new Disability & Carers Benefits Advisory Group, having been appointed to the role by the Social Security Minister. He commented that while he did not believe this role constituted an actual conflict of interest, an acknowledgement of the role in the public record was warranted as the SPSO has responsibility for the independent review of Scottish Welfare Fund Crisis Grant and Community Care Grant decisions.

6. **Previous meeting minutes**

The note of the meeting held on 21 February 2017 was agreed and approved. The AAC reviewed progress against the agreed actions from previous meetings and, following updates, all were noted as completed or being progressed satisfactorily.

7. **Internal Auditor's Report**

The Head of Internal Audit provided an assurance to the AAC that the 2017-18 audit plan was progressing as planned. She then asked AH, Internal Auditor, to report on his findings relating to the internal audit review of the Risk Management in the office.

AH gave a verbal summary of his report, and also elaborated on the rating that had been attributed by Internal Audit in the report and compared this to the four categories offered in the Audit Scotland toolkit. The AAC noted the report records that the SPSO does not have departmental risk registers and asked AH to offer a view on this. AH noted that as SPSO is a smaller organisation, and that all the relevant organisational risks are incorporated into the full business risk register.

The Ombudsman asked the AAC for their views on whether there was any benefit to having a register to capture risk at a strategic level. In the discussion that followed it was suggested that a higher level risk register with a more limited number of risks might offer a more pragmatic approach.

In his commentary to the AAC, AH suggested that while it was not recommended in the report, systematic training of staff in the management of risks and cross-partnership risk management beyond the SLAs should be encouraged. Additionally, the AAC noted the comment that best practice would be to review the Risk Management Policy formally on an annual basis, in line with the risk register, and the AAC agreed that approach should be adopted.

Action 1: Implement systematic training of staff in the management of risks and cross-partnership risk management beyond the SLAs.

Action 2: Review the Risk Management Policy formally on an annual basis, in line with the risk register.

8. **External Auditor's update**

The External Auditor confirmed that the on-site testing would be completed on schedule, while the clearance meeting is planned on August 17, ahead of the final report being tabled at the next AAC meeting on Tuesday 5 September.

9. **Financial Monitoring**

The Head of CSA tabled a paper that set out the year-end outturn, showing a strong performance in both budget and cash flow management. As a consequence, SPSO was in a position to absorb the unbudgeted liabilities which were being carried within the existing budget. Achieving this financial outcome created a situation where the office was not required to apply for contingency funding in the financial year. He completed his report by providing explanations for a number of variations against budget.

10. **Risk Management**

The AAC noted that no critical risks had been identified on the Risk Register that might affect the SPSO's ability to achieve its current Business Plan. It was also noted that no reports in relation to fraud or control failures had been identified during the period under review.

The AAC discussed the three risks that had been assessed as high and also new risks that had been introduced for the 2017-18 Business Plan. The Ombudsman informed the AAC of the work in relation to the development and presentation of SPSO recommendations that is currently being undertaken by the Learning and Improvement Unit. This work, she explained, would be undertaken alongside her planned engagement activity. This she believed would assist authorities in focussing on SPSO recommendations at the right level in an organisation, and thus should mitigate one of the recorded high risks.

11. **Performance Information**

The AAC noted the year-end performance of the SPSO, in particular, what had been achieved against the strategic objectives detailed in the 2016-17 Business Plan. The AAC also noted the priorities and open risks included in the paper. In particular, they noted the following:

- a. *SO1 Complaints and Investigations:* The AAC were informed that the CSA team would be interrogating the BUJ complaint handling performance to see what else can be done to support the Health and Local Government sectors in particular.
- b. *SO2 Scottish Welfare Fund:* The SWF Team Manager informed the AAC that the implementation of the policy of accepting reviews by phone, and ensuring every applicant is spoken to, has made the service more accessible than under the previous process and thus removed what clearly had been a barrier for applicants. Additionally, by providing a free phone number, some applicants had used the SPSO as a contact point, requesting that we contact the council in question to ask them to call the applicant.

AJ informed the meeting that some additional Learning and Improvement resource has been sourced to look into systemic and trending issues in this new area of our jurisdiction. The AAC noted that the information that is gathered from this work would in turn be of benefit to the Social Work Directorate.

- c. *SO3 Simplification of Complaints Procedures:* The Head of CSA advised the meeting that following the successful development of the NHS model CHP, the team would be supporting the NHS with its implementation.
- d. *SO4 Good Practice:* The AAC were advised of the progress that was now being achieved by each of the sector-led groups.
- e. *SO5 Accountability and Best Value:* The AAC commended the SPSO in achieving the level of Gold Standard accreditation by Investors in People.
- f. *SO6 Engagement, Learning and Improvement:* The AAC welcomed the thematic report on medical consent, noting that it was adding real value to the health sector's current discussions around critical and complex issue. The AAC commended the LIU team on the timeliness of this publication. Additionally, the AAC commended the sharing of intelligence activities with a variety of stakeholders in the healthcare sector.

The Head of CSA invited the meeting to note the annual customer complaints report and informed the AAC of a project to review and update the current process and recording methods for handling customer service complaints. The Chair then invited the Independent Customer Complaints Reviewer to speak to her annual report.

ED thanked the Chair for the opportunity to present the report. She noted that 2016-17 had a reduced number of referrals and only two cases for review, which was more in line with previous years, which might suggest that 2015-16 to be the outlier. She welcomed the openness of SPSO, allowing the ICCR to make the decision about remit which she believed gives confidence to the user of the service. She explained that the issues that had been upheld in two complaints were in relation to specific errors, and did not suggest a systemic failing in the process. She said the SPSO Standards Framework is very clear, and is what the customer complaints are measured by.

12. **A.O.B.**

As the meeting concluded, the Chair noted there were no further matters for discussion, and confirmed the dates for the upcoming meetings this calendar year: Tue 5 Sep 2017; Fri 1 Dec 2017; Tue 27 Feb 2018.

13. The meeting closed at 17:00.