

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 5 September 2017

Committee:

Tom Frawley	Chair
Jean Couper	
Jim McCormick	

In attendance:

Pat Kenny	External Audit Manager, Deloitte
Nicola Johnston	Head of Internal Audit, SLAB
Yvonne Irwin	Internal Auditor, SLAB
Rosemary Agnew	Scottish Public Services Ombudsman
Niki Maclean	Director
John Stevenson	Head of Complaints Standards Authority
Fiona Paterson	Corporate Services Manager (minute taker for open meeting)

Apologies:

None

1. Ahead of the meeting, the AAC met with the Ombudsman and discussed a range of issues including the Ombudsman's priorities going forward for 2018-19. The AAC was also briefed on those current and emerging issues that may impact the work of the SPSO.
2. The AAC then met in private with the External Auditor to discuss the 2016-17 audited accounts.
3. The AAC meeting commenced at 10.30, the members were joined by the Senior Management Team and by the Internal Auditors. The Chair asked the attendees to briefly introduce themselves to the new member of the AAC, Jean Couper.
4. **Matters arising**
The Chair asked that it be recorded that the AAC had discussed with the Ombudsman the role of the AAC going forward into the financial year 2018-19, and that the External Auditor provided a positive assessment of the SPSO accounts and governance arrangements for the financial year 2016-17. 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.
5. **Declarations of interest**
The Chair asked if any members wished to record any additional declarations of interest in relation to today's agenda. Jean Couper informed the AAC that she is Chair, Community

Justice Scotland and Chair of the Advisory Audit Board of the SPCB and of the Advisory Audit Boards of the Scottish Information Commissioner, the Commissioner for Ethical Standards in Public Life Scotland, the Scottish Children and Young People's Commissioner and the Scottish Human Rights Commissioner.

6. Previous meeting minutes

The record of the meeting held on 8 June 2017 were noted and approved. The AAC reviewed progress against the agreed actions from previous meetings and, following updates, all were noted as either completed or were being progressed satisfactorily.

7. Internal Auditor's Report

The Head of Internal Audit updated the AAC on progress against the 2017-18 audit plan. She then asked YI, Internal Auditor, to respond to the Committee's questions arising from the internal audit report on Payroll. The AAC asked whether the recommendations made in relation to the Audit had been completed to her satisfaction. YI confirmed that they had been.

8. External Auditor's update

The External Auditor advised the AAC that the new Code in relation to the scope of the audit had widened significantly, and as a consequence, altered the way Auditors now approach the external audit. He confirmed that the audit had not identified any areas of concern and, therefore, there were no audit adjustments required. Based on the audit work, he would be issuing an unmodified opinion. His recommendation for further improvement was for SPSO to consider strengthening the link between resource planning and the outcomes achieved. He advised the Committee that he had indicated that he would be available to conduct a workshop on this approach for the Senior Management Team.

The AAC noted the Auditor's report while the Ombudsman thanked the staff for their commitment and support in producing the Final Accounts in what is her transition year from her predecessor.

9. Annual Report and Accounts Year Ended 31 March 2017

The AAC discussed the content of the Annual Report and Accounts and some minor amendments were agreed with the Ombudsman.

10. Financial Monitoring

The Director tabled a paper that set out the year-to-date expenditure, which included explanatory notes for any significant variances. The Ombudsman asked the AAC to note that the underspend on staff costs related to a senior vacancy and had been raised with the SPCB. She explained she wanted to have flexibility in the development of her management structures during her transition year.

The AAC were advised that early indications were that the new internal Professional Adviser arrangements should deliver the expected efficiencies, and importantly, an improved quality of service. The AAC was assured that this situation was being closely monitored by the Director.

11. Risk Management

The AAC noted that no critical risks had been identified 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 being reported on.

The AAC discussed four risks that had been assessed as high and also those risks that had emerged since the last meeting. The Ombudsman also advised the AAC that a summary noting the wider strategic risks will be developed in the coming months.

The Director presented a risk interrogation paper describing the risks associated with moving to new premises.

Action 1: *The AAC requested that the movement in a risk be identified using a symbol.*

12. Performance Information

The AAC noted the year-to-date performance of the SPSO against the strategic objectives detailed in the 2017-18 Business Plan. In particular, they noted the following:

- a. *SO1 Complaints and Investigations:* The AAC were informed that the Ombudsman's priority was to ensure the pool of unallocated cases were cleared by the year-end. To achieve this, there will be an overtime initiative and additional resource allocated to this priority.

The AAC noted the continuing progress in relation to maintaining the reduction in the number of premature complaints being made to the SPSO, particularly in relation to the Water sector.

- b. *SO2 Scottish Welfare Fund:* The AAC noted a number of trends emerging as a consequence of recent determinations, particularly those involving vulnerable elderly applicants. The meeting was advised that these issues, and another relating to accessibility to grants, have been drawn to the attention of the Scottish Government.
- c. *SO3 Simplification of Complaints Procedures:* The Head of CSA advised the meeting that following the successful development of the NHS model CHP, the implementation phase is nearly complete with almost all Health Board's CHPs compliant. He reported that Integrated Joint Board CHPs are developing more slowly and, therefore, the team are continuing to provide support to these new authorities to ensure they implement their complaints processes successfully.
- d. *SO4 Good Practice:* The AAC were advised that the Ombudsman had now completed introductions to each sector's complaint handlers' network, and has been welcomed on all accounts.
- e. *SO5 Accountability and Best Value:* The AAC commended the SPSO in achieving an unqualified opinion from the external audit.
- f. *SO6 Engagement, Learning and Improvement:* The Ombudsman advised the AAC that despite the significant impact the resignation of the Head of Communications and Engagement

inevitably was having, the Annual Report would be published on time. Additionally, the Learning and Improvement Unit had received an expression of appreciation from an NHS Board they had been working closely with on improving their complaint handling performance. The AAC were also advised that another thematic report on promoting positive complaint interaction should be published in December.

The Chair asked that the significant contribution made by Emma Gray across every aspect of the work of the SPSO, but particularly in the area of communications and the successful engagement she had facilitated between the SPSO and the Scottish Parliament be recorded. He concluded his comments by indicating she had added great value to the SPSO and to the wider Ombudsman community in a genuine and selfless way. He said she would be missed.

13. A.O.B.

As there were no further matters for discussion the Chair closed the meeting. The Committee agreed to a proposal that future meetings should be held in Glasgow, on a Thursday where this was possible, these arrangements would commence with the next meeting on Friday, 1 Dec 2017.

14. The meeting closed at 13:00.
