# Note

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| **Meeting Date** | Thursday 24 March 2022, 10:30 – 11:50 |
| **Board** | Andy Shaw, Chair  Claire Robertson  David Watt |
| **Attendees** | External Auditor - Deloitte: Pat Kenny  Internal Auditor – Wylie and Bisset: Stephen Pringle  Ombudsman - Rosemary Agnew  Director - Niki Maclean  Head of Improvement, Standards and Engagement – Andrew Sheridan  Corporate Services Manager - Fiona Paterson (note taker) |
| **Observer** | Scottish Biometrics Commissioner Corporate Services Manager – Cheryl Glen |

| **Item** | **Subject** | **Main points of discussion** | **Actions agreed** | **Due** | **Lead** |
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| 1. | Welcome | The Chair thanked everyone for attending and noted the technical difficulties that may be experienced by attendees during this video-conference meeting. |  |  |  |
| 2. | Declarations of Interest | Due to the agenda including a discussion on the SPSO response to the IRO Audit Scotland Section 22 report, the External Auditor declared himself as the author of the report on behalf of Audit Scotland, and the Chair and DW declared themselves as members of the AAB for the reported body.  There were no additional matters for declaration, other than already noted on the published Declarations of Interest. |  |  |  |
| 3. | Previous notes, outstanding action points | 1. The previous notes and outstanding actions were reviewed. There were no additional matters arising from the review. |  |  |  |
| 3. | Financial report | 1. The Director provided background for significant variances of expenditure against budget. The staffing underspend was mainly due to resourcing issues. Throughout 2021, SPSO faced a challenging recruitment environment, as reflected across the public sector. Overtime was offered to provide additional resource, but this did not completely cover the shortfall created by vacancies which resulted in a further slowdown in overall case progression, on top of the 2020 lock-down related backlog. This, in turn, led to a reduction in requirements for professional advice on casework, leading to an underspend in that area of the budget. 2. The resulting underspend allowed the budget to absorb other unbudgeted expenditure such as maternity leave, cost of living increase, and requirements for the implementation of hybrid working arrangements. 3. The AAB noted the predicted year-end financial position outlined in the report, and the amount of approved budget that will not be drawn down. 4. The Chair noted the improved 10-day payment performance. |  |  |  |
| 4. | External Audit report | **External Auditor’s Report 2020-21**   1. The External Auditor noted this was the last year of Deloitte’s appointment to SPSO. SPSO have been informed that Audit Scotland will be the appointed auditors for the next period. 2. The 2021-22 audit plan submitted is in line with previous years. A risk assessment was undertaken in light of findings elsewhere, and it was considered the restricted wider scope remained appropriate, as was the materiality threshold, taking account of previous discussions. The Auditor commended the plan for submission to Audit Scotland. 3. The meeting went on to discuss the SPSO response to the Audit Scotland Section 22 report on another organisation. The AAB noted it was thorough, and commended the SPSO for the prompt proactive approach, the evidence provided, and clear actions identified; demonstrating a willingness to reflect and learn as an organisation. 4. The AAB asked the Ombudsman to expand on how the organisation allowed concerns to be aired within the organisation, which she responded to with detailed explanations. The Ombudsman confirmed that the Leadership took comfort from examples where staff have approached members of the LT to discuss concerns directly. She noted that, as a body that scrutinises other bodies, it is important to reflect on the work and apply the lessons to our own organisation. |  |  |  |
| 5. | Internal Audit report | 1. The Internal Auditor presented the final reports on Health and Safety, Performance Management and Follow-up Review activities. 2. The AAB asked the Ombudsman to expand on the working-from-home health and safety measures that had been put in place, and her response included referencing video assessments for DSE, contributions to home office set-ups, additional support and communication opportunities with management, additional support and wellbeing arrangements and additional staff surveys specifically addressing the new working conditions. 3. The AAB asked the Auditor to explain the overall findings on the performance management report, taking into consideration the findings and actions recommended, and whether there had been sufficient time to undertake such a broad activity. The Auditor explained that while there were several actions, they were mostly graded as low and mostly related to administrative tasks. The Ombudsman provided context explaining the additional demands on the HR department during lockdown, including the requirement to focus on staff support and well-being and increased recruitment activities, meant some administrative tasks were not able to have the follow-up that was, ideally, required. Additional resource has now been added to the HR function and improved record-keeping will be a priority going forwards. The Auditor confirmed that with the tools used there was sufficient time to conclude the activity effectively, and observations were based on the current organisation intentions. 4. The Auditor shared the 2022-23 Activity Plan, and the AAB discussed the focus and the number of days allocated of some activities. The Auditor accepted the recommended changes and will assess the day requirements when the detailed scope has been prepared. The AAB confirmed they were content with the plan. 5. The AAB welcomed the feedback survey for internal audit activities and asked that this qualitative measure be added to the list of KPIs and the results reported in the Internal Audit Assurance report. |  |  |  |
| 6. | Risk, Incident and Issues report; including Business Plan performance. | 1. The Ombudsman shared the new approach that SPSO will be taking to expressing the Risk Appetite, which draws on UK Gov guidance that underpins the ‘Orange Book’. 2. The AAB noted the direction of travel for articulating risk, and will be very interested to see how it will be applied to organisation decision-making. The AAB also suggested taking account of the risk encompassing public and stakeholder expectations of performance, and the reputational, scrutiny and oversight risk this may pose to the organisation. |  |  |  |
|  |  | The Chair closed the general meeting, to undertake the AAB self-assessment exercise in private. |  |  |  |

Approved for publication 08 April 2022

**Andy Shaw, Chair**