

Note

Meeting Date	Friday 25 September 2020; 10:30 – 12:00
Board	Jean Couper, Chair Andy Shaw David Watt
Attendees	External Auditor - Deloitte: Pat Kenny Internal Auditor - Wylie and Bisset: Graham Gillespie Ombudsman - Rosemary Agnew Director - Niki Maclean Head of Improvement, Standards and Engagement - John Stevenson Corporate Services Manager - Fiona Paterson (note taker)
Observer	Theresa Valtin, Communications Manager
Apologies	None

Item	Subject	Main points of discussion	Actions agreed	Due	Lead
1.	Welcome	1. The Chair welcomed the new Internal Auditor to the SPSO Advisory Audit Board meeting and noted the technical difficulties that may be experienced by attendees during this video-conference meeting.			



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2.	Declarations of Interest	2. 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 and there were no additional matters arising from the review.			
4.	External Audit report	<p>SPSO Annual Report and Accounts 2019-20</p> <ol style="list-style-type: none"> 1. The Ombudsman presented her Annual Report and Accounts to the meeting, and gave thanks to all her SPSO colleagues, and particularly the Communications and Finance teams, for contributing to the completion this year's report. 2. She outlined the importance of providing a full report this year, despite the impact of the COVID-19 pandemic, to do justice to all the good work that had been achieved throughout 2019-20. 3. The key message was that despite the final months' disruptions, the business plan had been achieved, and where the performance targets weren't met there was full awareness throughout the year of the reasons behind these shortfalls, due to process changes and resourcing. 4. Financially, this was the first full year in shared accommodation with two other office-holders, and the budget shortfall for these services was managed, at the request of the SPCB, through the use of SPSO 			



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		<p>cash resources, leading to a significant reduction in cash reserve at year-end.</p> <p>5. The Ombudsman thanked the External Audit team for the execution of a thorough audit using supportive working practices, under the remote-working conditions required this year. The audit was conducted smoothly and in good time.</p> <p>6. The AAB responded noting the SPSO Annual Report and Accounts was an excellent and balanced report reflecting a full year's work. Some helpful editing and proofing suggestions were provided, and enquiries were made regarding the progress of major ICT projects, post balance sheet events and sources of funding.</p> <p>External Auditor's Report 2019-20</p> <p>7. The External Auditor thanked the SPSO for participating fully in the audit under challenging and difficult circumstances.</p> <p>8. The External Auditor gave assurance to the Board that he was satisfied with the quality of the audit this year, that no corners were cut despite the remote-working circumstances; and that collective team working has been the key to the success of the audit process.</p> <p>9. He noted the performance report was well balanced, and that action has been taken by the SPSO on all points raised.</p> <p>10. The Ombudsman, AAB and External Auditor discussed the barriers to medium and long-term financial planning under the current office-holder budgeting arrangements.</p>			



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		<p>11. The AAB was satisfied with the Auditor's report and agreed that, following the final edits being addressed, the SPSO Annual Report and Accounts could be issued to the Auditor General for approval to lay before Parliament.</p>			
3.	Financial report	<p>1. The Director noted the combination of events that led to the 2019-20 accounting period being more complicated than previous years, as outlined in the explanations for movements in excess of 10%, including the additional pension costs and it being the first year of the shared accommodation at Bridgeside House. The SPCB had requested that the SPSO endeavour to absorb the additional liabilities within any cash surplus that was available.</p> <p>2. The Director noted the year-to-date position of the 2020-21 budget is on track, and the additional expenditure required to respond to COVID-19 circumstances has been absorbed through delaying the recruitment for a vacancy.</p> <p>3. The AAB noted the year-end financial position outlined in the report, including the cash balances.</p>			
5.	Internal Audit report	<p>1. The Director invited the Internal Auditor to present the SPSO Internal Audit Plan for 2020-21.</p> <p>2. The auditor introduced himself and the company and outlined the three planned audits for this first year of the service contract.</p> <p>3. The AAB noted the audit activities didn't include any finance areas, and enquired about the annual assurance that would be provided at year-end.</p>	<p>1. Three-year strategic plan for internal audit events</p> <p>2. Additional KPI reflecting the</p>	Mar 21	<p>1. Dir</p> <p>2. IA</p>



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		<p>4. The auditor responded that, historically, SPSO internal financial audits have been consistently good, and for this year the risks identified were around these governance areas. By attending the AAB meetings, the internal auditors will be able to familiarise themselves with the management of financial matters, and in the full year will be able to provide the assurance required.</p> <p>5. The AAB noted they would like to see a three-year strategic plan of audit events to assure themselves that all the appropriate areas of governance will be covered in the period.</p> <p>6. The AAB requested, and were provided with, a verbal update on the Cyber Resilience audit which had just completed. The AAB and the auditor also discussed the provision of audit activities through remote-working, which will continue in line with the Government guidance at the time of the audit</p> <p>7. The AAB noted the relevance of the Business Continuity Planning activity following on from the COVID-19 incident, and the importance of ensuring any learning from this event is captured and embedded into the organisation's ongoing BCP activities.</p> <p>8. The AAB noted the Data Management (GDPR) activity will be highly relevant in the new remote-working circumstances, and that mitigations, such as the implementation of Connect for the secure sharing of electronic information, will be key for these new working arrangements.</p>	<p>value-added component of the contract</p>		



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		9. The AAB requested that an additional KPI be included with the standard nine provided, that will address the value-added component of the contract, for the AAB to reflect on when reviewing the audit reports.			
6.	Risk, Incident and Issues report; including Business Plan performance.	1. The Director informed the AAB that in light of the change to working circumstances this year, there would be a 6-month review of the business plan, and those projects that were not time critical would be carried forward to the 2021-22. 2. The AAB noted the in-year changes to the operational risk register, clearly showing this was a living document informing the Leadership Team's decision-making. It was clear that the Leadership Team were proactive in reviewing the business environment, then assessing and mitigating risks in good time.			
7.	AOB	1. The Ombudsman informed the AAB of the confirmed start date for the Independent National (NSH) Whistle-blowing Officer (INWO) function, and the two additional pieces of work the SPSO will be encompassing as part of the transition arrangements: 0800 confidential contact number, and online training content for NHS staff.			
		The Chair closed the meeting, with best wishes for the coming months.			

Approved for publication 11 November 2020

Jean Couper, Chair