

Note

Meeting Date	Friday 11 November 2022; 10:30 – 11:45
Board	Andy Shaw, Chair Claire Robertson David Watt
Attendees	External Auditor - Deloitte: Pat Kenny, Andrew Fowler 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	

Item	Subject	Main points of discussion	Actions agreed	Due	Lead
1.	Welcome	The Chair welcomed everyone to the meeting.			
2.	Declarations of Interest	Declarations of Interest for the AAB have been updated and published for 2022. There were no additional matters for declaration, other than already noted on the published Declarations of Interest.			



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3.	Previous notes, outstanding action points	<ol style="list-style-type: none"> 1. The previous notes and outstanding actions were reviewed. 2. The Director explained to the meeting that there has been some delay in the implementation of recommendations from the Performance Management internal audit due to three additional HR activities undertaken in year: a) a significant amount of recruitment activity, b) progressing the work of the Future Working Project, and c) implementing shared HR services with the Scottish Biometrics Commissioner 3. There were no additional matters arising from the review. 			
4.	Financial report	<ol style="list-style-type: none"> 1. The Director informed the meeting that following the 2023-24 budget submission, the SPCB asked that a 3.1% cost of living increase be added to the staffing costs. The updated budget has been shared electronically with the AAB. 2. The Ombudsman noted to the meeting that there may be a requirement to request additional contingency funds in-year from SPCB due to a Judicial Review case currently with the lawyers. 3. The Ombudsman informed the meeting that there had been a significant increase in requests and small claims relating to the GDPR in recent months. 4. The AAB noted the significant underspend against Professional Casework Advisers year-on-year and asked if 			



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		<p>management understood the reason behind this. The Director explained that this expenditure was directly linked to caseload throughput, which reduced significantly during the lockdown period, but is regaining momentum. Additionally, it was predicted there would be a greater need for professional advice for the new INWO function, but this has not yet materialised. It is expected to increase as the use of the service increases.</p> <p>5. The AAB observed a growing trend in public services to align budget performance to objectives and activities, and suggested this may be a development in the finance reporting the management would like to consider. This would support clearer reporting on outcomes against expenditure, and support the longer-term planning activities.</p> <p>6. The Ombudsman was supportive of the suggestion and noted to the meeting that this is the approach she uses when discussing resourcing for functions and future developments in the Strategic Plan. The Director agreed, and noted that function-based tracking of expenditure is undertaken when introducing new jurisdictions to the SPSO, and could be extended to develop outcome-based financial reporting.</p> <p>7. The External Auditor supported the AAB suggestion, and commented that the current Auditor General is promoting</p>			



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		<p>an outcome-based approach to financial reporting, in line with recommendations made in the Christie Commission on the future delivery of public services.</p>			
5.	External Audit report	<p>External Auditor’s Report 2021-22</p> <ol style="list-style-type: none"> 1. The External Auditor noted it was a clean audit, reflecting positively on the work done. The quality indicators over a three-year period were very good, with only one area of development in that time. The draft statements were of high quality when submitted, which was appreciated by the audit team. 2. The AAB asked the Auditor to clarify what was meant by the reference to efficiency targets and reviews in the short-term financial planning narrative. The Auditor agreed this could be stated more clearly, and this will be addressed before it is finalised. 3. The AAB asked the Ombudsman to respond to the efficiency point noted in the report and she confirmed that efficiency planning is undertaken at every weekly LT operational meeting to allow the organisation to meet the shifting workload requirements within a static budget. Efficiency planning is integral to the financial planning process and management, and is evidenced in the resourcing section of the strategic plan. 	<ol style="list-style-type: none"> 1. Auditor to share best practice examples of efficiency profiling in long-term financial planning. 2. Auditor to clarify the references to efficiency within the short-term financial planning narrative section of the report before publication. 3. Report on all performance 	<ol style="list-style-type: none"> 1. 31/03/23 2. 30/11/22 3. 31/12/23 	<ol style="list-style-type: none"> 1. PK 2. PK 3. Omb/ Auditors



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		<p>4. The Director asked the Auditor if there were good examples of other organisations who do efficiency profiling in their long-term planning, and if those examples could be shared. The Auditor took an action to come back on this point.</p> <p>5. The AAB recommended to the management team to articulate more strongly in external messaging the efficiency gains already in practice, including shared-services and digital capabilities.</p> <p>6. The Chair expressed his thanks to the Auditors for their work and the report.</p> <p>7. The External Auditor expressed his appreciation to the SPSO for the work done during the six-year period to ensure the external audit process was clean and straightforward.</p> <p>8. The Ombudsman and Director both thanked the External Auditor and his team on behalf of the SPSO finance and comms teams for the professional and efficient audits during their time as the appointed auditors for SPSO, noting it was operationally easy and professionally challenging at the appropriate level.</p> <p>SPSO Annual Report and Accounts 2021-22</p> <p>9. The AAB noted there were no further comments to add other than those made on the draft document.</p>	<p>indicators not just PSC casework. LT do confirm to new auditors what they should be</p>		



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		10. The Auditor confirmed the document would be prepared for signing and issuing to the Auditor General.			
6.	Internal Audit report	<p>1. The Internal Auditor presented the Annual Report for 2021-22 and the first activity report for 2022-23 to the AAB.</p> <p>1. The Auditor noted from the Annual Report that the SPSO had adequate and effective risk management, control and governance processes to achieve their objectives.</p> <p>2. Payroll – This was the first internal audit activity for 2022-23, and resulted in a strong level of assurance for the SPSO’s arrangements, and that the processes are robust and fit for purpose.</p>			
7.	Risk, Incident and Issues report; including Business Plan performance.	1. The AAB noted the Q1 SPSO risk assessments, and the Ombudsman provided an update on the current position for those risk areas that had been addressed through the quarter.			
		The Chair closed the meeting, which was followed by a private meeting with the Auditors.			

Approved for publication 14 November 2022

Andy Shaw, Chair