

## Note

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<b>Meeting Date</b>	Friday 7 September 2018 Deloitte, 110 Queen Street, Glasgow, G1 3BX
<b>AAB</b>	Tom Frawley, Chair Jim McCormick
<b>In attendance</b>	External Auditor - Deloitte: Pat Kenny, James Corrigan Internal Auditor - SLAB: Nicola Johnston Rosemary Agnew, Scottish Public Services Ombudsman Niki Maclean, Director Fiona Paterson, Corporate Services Manager (note-taker open meeting)
<b>Apologies</b>	Jean Couper John Stevenson, Head of Improvement, Standards and Engagement Theresa Valtin, Communications Manager (due to attend as an observer)

Item	Subject	Main points of discussion	Decisions taken	Actions agreed	Due	Lead
1.	Declarations of Interest	No further declarations				
2.	Matters arising from the closed meetings	The Chair informed the open meeting that members received a detailed update from the Ombudsman on: <ul style="list-style-type: none"> <li>the developing and evolving arrangements around governance</li> <li>the emerging issues SPSO are experiencing with the Scottish Government regarding the legislation for Independent National (NHS) Whistleblowing Officer (INWO)</li> </ul>				

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		<ul style="list-style-type: none"> <li>the accommodation project progress</li> </ul> <p>The Chair informed the open meeting that members received a detailed update from the External Auditor on:</p> <ul style="list-style-type: none"> <li>the audit activity for the 2017-18 accounts</li> <li>the new Scottish Government National Performance Framework (NPF), and the impact this will have on next year's audit activities</li> </ul> <p>The Ombudsman responded:</p> <ul style="list-style-type: none"> <li>the Leadership Team (LT) attended the relaunch of the NPF so that we are informed about it and what it is aiming to achieve. As an independent body the framework will not directly impact on the SPSO but will be something we consider in our work with organisations. There is an intention to reference it and show linkages in the narrative of the annual report next year.</li> <li>to highlight where the LT and others in the SPSO are sharing intelligence with other regulators, particularly in the Health sector, to highlight trends.</li> </ul>				
3.	Actions c/f	None				
4.	Previous notes	<p>Matters arising:</p> <ul style="list-style-type: none"> <li>2018-19 Business Plan tabled</li> <li>The Ombudsman updated the meeting on progress towards INWO preparations: a team will be in place on time; principles and national</li> </ul>	<ol style="list-style-type: none"> <li>Note of 22 February 2018 approved for publication</li> <li>The AAB noted the fundamental</li> </ol>	<ol style="list-style-type: none"> <li>Publish note</li> </ol>	<ol style="list-style-type: none"> <li>ASAP</li> </ol>	<ol style="list-style-type: none"> <li>FP</li> </ol>

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		<p>standards are ready for consultation; the risk to the project is the drafting of the legislation. The concern is that the fundamental conditions of the legislation do not meet the Scottish Government (SG) intention. Meetings with the SG lawyers are ongoing.</p> <ul style="list-style-type: none"> <li>The AAB commended the SPSO Scottish Welfare Fund (SWF) Annual Report, as striking and very powerful.</li> </ul>	<p>concern with the drafting of the INWO legislation and gave their support for the approach outlined by the Ombudsman.</p>			
5.	External Audit Activity	<p>The Ombudsman gave an outline of the SPSO Annual Report and Accounts for 2017-18. She noted:</p> <ul style="list-style-type: none"> <li>this is the last Annual Report based on the strategic objectives, the next one will be focussed on functional areas, and include a statement about strategic level achievement</li> <li>next year the AAB will have sight of an earlier version for comment</li> </ul> <p>The AAB responded that the report was a model of clarity, a comprehensive summary of the SPSO's work and a great introduction to the organisation for new MSPs and others.</p> <p>The AAB noted that next year they would also be interested in knowing the media/comms plan for the dissemination of the Annual Report messages.</p> <p>The Chair thanked the absent member for her comments received by email prior to the meeting. These were reviewed and responded to by the Ombudsman.</p>	<p>1. Annual report and accounts to be signed.</p>	<p>1. Sign accounts 2. Communications Manager to present the AR communications plan</p>	<p>1. 07/09/18 2. Xx/03/19</p>	<p>1. RA/PK 2. JS</p>

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		<p>The External Auditor noted the following:</p> <ul style="list-style-type: none"> <li>• concurred with comments made by the AAB and thanked the SPSO for their full cooperation during the audit process</li> <li>• no recommendations on the format or length of the report</li> <li>• no issues against significant risks, and no audit adjustments made</li> <li>• recommended signing of the unmodified accounts, to take place after the meeting</li> </ul>				
3.	Financial Position	<p>The Director noted the following:</p> <ul style="list-style-type: none"> <li>• staff costs have the most significant variation against budget due to parental leave costs</li> <li>• cost of living settlement discussions with the Trade Union are ongoing, but are expected to be in line with the SPCB agreement</li> <li>• the variation in spend for the professional casework advice service is difficult to predict due to the number and complexity of casework.</li> </ul>	<p>1. AAB suggested moving the previous years' professional advice spend to the same line as it is now shown for ease of y-o-y comparison.</p>	<p>1. Subsume previous years' professional advice spend lines. 2. Send 2019-20 budget submission to AAB.</p>	<p>1. Oct 2. With the meeting note</p>	<p>1. NM 2. FP</p>
4.	Internal Audit Activity	<p>The Internal Auditor noted the following:</p> <ul style="list-style-type: none"> <li>• the SPSO's culture of improvement and moving forward is refreshing to see in the public service sector, demonstrated by suggestions for improvements to policy and procedure being openly considered and discussed</li> <li>• income tax devolution is being addressed by the payroll software provider, so no cause for</li> </ul>	<p>1. Outcomes from the three reports were noted.</p>			

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		<p>concern</p> <ul style="list-style-type: none"> <li>the reference and application to 'satisfactory' assessments was explained and discussed with the AAB, giving them assurance that it was a positive assessment.</li> </ul> <p>The AAB noted it was reassuring to hear the Auditor's comments about the staff's willingness to improve and learn, demonstrating a supportive and forward-thinking culture.</p> <p>The Ombudsman responded saying the comments made by the Internal Auditors during the audits were very helpful in informing the development of the Risk policy and the Scheme of Internal Control.</p>				
5.	Business plan, risks, issues or incidents	<p>The Ombudsman shared the quarter one performance on the business plan and noted the following:</p> <ul style="list-style-type: none"> <li>each quarterly performance will be published on the website for greater transparency. This may lead to more public scrutiny, but this would be welcomed.</li> <li>a good Q1 performance considering the impact of the accommodation project on resources.</li> </ul> <p>The Ombudsman updated the AAB on the risk register:</p> <ul style="list-style-type: none"> <li>the organisation is in a good place just now, with no critical risks</li> <li>closely monitoring strategic risks relating to resources and IT which may result in increasing</li> </ul>		1. Consistency of risk labelling to allow y-o-y comparison	1. From now	1. FP

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		<p>some operational risks</p> <ul style="list-style-type: none"> <li>• an additional identified risk has been added to the strategic risk register following the new information coming to light reflecting the impact of leaving the European Union on public bodies, in particular, the NHS. The difference in risk assessment between the Auditor's Report and the Risk Register is a matter of timing and known information.</li> <li>• current areas of concern are INWO project as outlined above, and absence levels. Unplanned leave: <ul style="list-style-type: none"> <li>• is higher in some parts of the organisation than others</li> <li>• is known not to be interpersonal relations, but specific to the relentless nature of the case-handling work, resulting in decision-making paralysis, loss of confidence, for some case workers</li> <li>• it is hoped the new office layout will provide more cohesion and support between teams</li> <li>• shared the well-being activities undertaken by the office to support staff, such as the Vicarious Trauma training sessions</li> </ul> </li> </ul> <p>The AAB noted they gained a lot of assurance that there is these quality insights and planned support for staff. The cultural orientation of the organisation is demonstrated through the auditor comments and response of the LT to staff wellbeing concerns.</p>				

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2.	AOB	<p>The AAB noted the Social Security Agency opened this week, and the development of the Charter for Scotland has been welcomed as a significant improvement on the UK charter.</p> <p>The Ombudsman gave her heartfelt thanks from the SPSO to the Chair for the tremendous contribution he had made to the development of the organisation during his time as member and Chair of the AAC.</p> <p>The Chair responded noting the SPSO to be an exemplar organisation, developing a constructive relationship with the auditors and recognising the AAC as a critical friend.</p>				