

Date Issued: 13 February 2019

Members of the Audit Committee are advised that a meeting of the Audit Committee members is to take place on 20 February 2019 at 1.30 pm, in Room 05, Compass House, Dundee.

A light lunch will be available from around 12.30pm, before the meeting.

**Forbes Mitchell
Chair**

AGENDA

1. Welcome
2. Apologies for absence
3. Declaration of Interest
4. Minutes of the previous meeting – 5 December 2018
5. Matters arising
6. Action Record Audit Committee

Internal Audit Reports

- | | |
|--|-----------------------|
| 7. Internal audit follow up report | Report 01/2019 |
| 8. Internal Audit Plan 2019/20 | Report 02/2019 |
| 9. 2018/19 Internal Audit Plan Progress Report | Report 03/2019 |

External Audit Reports

- | | |
|---------------------------------------|-----------------------|
| 10. Draft External Audit Plan 2019/20 | Report 04/2019 |
|---------------------------------------|-----------------------|

Items for decision/discussion/information

- | | |
|---|-----------------------|
| 11. Strategic Risk Register | |
| 11.1 Monitoring and Review | Report 05/2019 |
| 11.2 Emerging Fitness to Practise risk update | Report 06/2019 |

12. Horizon Scanning (including Audit Scotland publications)
13. Extracts on Risk from Committee minutes
14. Update from Resources Committee
15. Calendar of business
16. AOCB
17. Date of next meeting: 5 June 2019

Confidential items

18. Data Breach Report
19. Confidential minutes of the meeting of 5 December 2018

Report 07/2019

SCOTTISH SOCIAL SERVICES COUNCIL

**Unconfirmed minutes of the Audit Committee
held on 5 December 2018 at 1.30 pm
in Room 5, Compass House, Dundee**

Present: Forbes Mitchell, Council Member, Chair
Professor Alan Baird, Council Member
Audrey Cowie, Council Member
Linda Lennie, Council Member
Andrew Rome, Council Member

In Attendance: Lorraine Gray, Chief Executive
Maree Allison, Director of Regulation
Kenny Dick, Interim Director of Corporate Services
Nicky Anderson, Head of Finance
Liz MacKinnon, Head of Performance and Improvement
Chris Weir, Head of Legal and Corporate Governance
Gary Devlin, Scott Moncrieff
Jo Brown, Grant Thornton (attended by teleconference for
item 9)
Audrey Wallace, minute taker

Observers: no observers

- | 1 | Welcome | ACTIONS |
|------------|--|----------------|
| 1.1 | The Chair welcomed everyone to the meeting and advised that Jo Brown would be attending by teleconference for item 9. | |
| 2 | Apologies for absence | |
| 2.1 | There were no apologies for absence. | |
| 3 | Declaration of interest | |
| 3.1 | There was no declaration of interest. | |
| 4 | Minutes of the previous meeting | |
| 4.1 | The minutes of the meeting held on 26 September 2018 were approved as a correct record subject to the addition of Liz MacKinnon in list of attendees and minor typographical amendments such as the year being added to the dates. | Ctte Sppt |
| 5 | Matters arising | |
| 5.1 | 13 Horizon Scanning | |
| 5.1.1 | Gary Devlin confirmed that Scott Moncrieff will be holding an | |

event on 13 March 2019, to which all Audit Committee members are invited.

6 Audit Committee action record

- 6.1 The Committee noted the Audit Committee action record and requested that the column headed status/comments contain more clarity and detail on the status of the action.

7 Internal Audit reports

7.1 2018/19 Internal Audit Plan progress report

- 7.1.1 Gary Devlin presented report 20/2018 which provided a summary of progress against the Internal Audit Plan for 2018/19. He advised that that all aspects of the audit were on track and there were no outstanding matters.

- 7.1.2 The Committee

1. noted the progress against the 2018/19 Internal Audit Plan
2. requested that the terminology be consistent across the graphs in order to provide clarity.

8 Internal Audit Reports

8.1 B5. Performance Indicators

- 8.1.1 Gary Devlin presented report 21/2018 which detailed the background and scope, the summary of findings and conclusion following the audit carried out on the calculation of performance indicators. He advised that it was a very healthy assessment and had demonstrated many areas of good practice.

- 8.1.2 Liz MacKinnon confirmed that one aspect of the audit was affected by technical difficulties and this should be resolved once the new system goes live in February 2019. It was also confirmed that the difference described as "human error" in the report had been rechecked and corrected.

- 8.1.3 The Committee

1. noted the report.

8.2 C2. Operational Planning

- 8.2.1 Gary Devlin presented report 22/2018 which detailed the background and scope, the findings and the conclusion on the audit carried out on operational planning processes. He confirmed that it was a strong report with many examples of good practice.

8.2.2 Liz MacKinnon advised on the position with the proposed revision and updating of the directorate plans. There was some discussion on the best method and timescales for the reporting processes, resulting in the agreement that monitoring reports would be posted on Basecamp monthly and reported to Council twice yearly. H of P & I

8.2.3 The Committee

1. noted the report.

Jo Brown joined the meeting by teleconference

9 Annual Accounts

9.1 External Audit Annual Report

9.1.1 Jo Brown introduced her report, confirming that a draft report had been circulated to and noted by Council in October 2018. This final version included observations and findings relating to the wider scope areas of governance of meetings, shared service agreements and arrangements and the ICT strategy. During the intervening period a number of discussions and sharing of further information between the SSSC and the auditor had taken place to help clarify the SSSC position.

9.1.2 Forbes Mitchell opened up the matter to the committee for comment and the following issues were raised and discussed:

- Page 9 it was acknowledged that there was an issue around the short term budget planning, however this was largely due to the funding strategy of Scottish Government.
- Page 10 the policy forum is a useful discussion and development group and advice was sought as to a possible alternative solution.
Jo Brown commented that the purpose of her comment was to ensure that the Council are aware of the purpose of the forum, evaluate its use and ensure it is not a duplication of process. It was accepted that this discussion forum was summarised and reported to Council and remained a useful forum for detailed discussions and development opportunities.
- Page 11 there was comment on the broader concerns about governance of shared services and the need for a review and more robust governance to be put in place. Main points to be taken from the issues are that if the agreements are not fit for purpose then they should be reviewed.
- Page 12 Jo Brown explained that although the matters referred to had taken place after March 2018, she was

required to include any matters which came to light up until the time of signing off accounts. It was noted that this report would be presented to Council in January 2019, but this would be after the accounts are laid before Parliament on 20 December 2018. It was noted that this page would be updated before then.

- Page 13 there was discussion over the evidence used for this observation and is it taken as read that the SSSC requires an IT system fit for purpose. Jo Brown asserted that the SSSC should articulate the benefits of the ICT strategy.
- Page 14 this focussed on the advice and service that the SSSC should expect or should procure where shared services were concerned. What route should the SSSC take in securing advice to ensure the advice is given to the benefit of the SSSC. The question of a conflict of interest was raised given the position of the Head of Shared Services.
- Page 15 Lorraine Gray explained the issues with the retention of the Lead Project Officer position which was now on its third appointee. An explanation of the circumstances of each resignation was given and also confirmation of the high quality of each of the appointees. Jo Brown confirmed that there were always risks associated with appointment of contractors and balancing of the skill sets for each stage of the project.
- Page 18 Action point 2 Jo Brown confirmed that there was no requirement for interim governance to be put in place pending an independent review of the governance processes. Lorraine Gray confirmed that arrangements were now in place including joint meetings between CEOs and an escalation process as well as the ability to inform the Convener should the parties not be in agreement over any issues. It was suggested that something in writing to this effect would be helpful.

9.1.3 The Committee

1. noted that the report would be updated at page 12 and laid before parliament on 20 December 2018
2. noted that a copy of the updated report would be presented to Council at its meeting on 29 January 2019. CEO

9.2 Timetable

- 9.2.1 Jo Brown confirmed that the timetable for progressing the 2018/19 accounts would broadly follow the same pattern as

previously used.

9.2.2 The Committee

1. noted that the External Audit Plan would be presented to the next meeting of the committee in February 2019. Ext Auditor

10 Horizon Scanning

10.1 Kenny Dick highlighted the following papers from Audit Scotland which would be posted on Basecamp for members to read:

- Notes for guidance – EU withdrawal
- Notes for guidance openness and transparency
- Enabling digital government
- Audit of community Justice
- Audit of the Scottish Public Pensions Agency – management of PS pensions project.

Ctte Sppt

11 Calendar of business

11.1 Forbes Mitchell raised the matter of succession planning and advised that he had corresponded on this with the Convener.

11.2 The calendar of business was noted.

12 Strategic Risk Register

12.1 Strategic Risk Register monitoring and review

12.1.1 Kenny Dick presented report 24/2018 which presented the results of the most recent review of the SSSC's Strategic Risk Register for consideration.

12.1.2 Members discussed the change to strategic risk no 6 "the SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements", which is a direct action following the review of the risk posed by the move to the new ICT system, to take place in February 2019.

12.1.3 It was noted that this would be reviewed again once the new ICT system was in place and will be reported back to Committee.

12.1.4 The Committee

1. noted the risk review and increased likelihood and impact assessment of strategic risk no 6
2. approved the updated Strategic Risk Register for submission to Council ID of CS

3. noted that the emerging fitness to practise risk was the subject of the following report.

12.2 Emerging Fitness to Practise risk

- 12.2.1 Maree Allison presented report 23/2018 which updated members on the caseload risk in the Fitness to Practise department and the mitigating action being taken.
- 12.2.2 There was discussion around possible recruitment tactics in order to successfully appoint to unfilled positions and also possible short term solutions to the issue of staffing shortages.
- 12.2.3 Gary Devlin advised that another public body was experiencing similar recruitment challenges for legal and IT staff. It was employing a five-pronged strategy: grow your own, secondment, agency staff, contracting out and paying a market supplement.
- 12.2.4 There was some further discussion around the current position with opening parts of the register and how this impacted on the Fitness to Practise department. It is hoped that modelling work that is being undertaken, the impact of the new case management system, once it is live and also the outcome of the system of 'opting in' to hearings will resolve some of the caseload issues.
- 12.2.5 The Committee
 1. noted the report.

13 Audit Committee Handbook

- 13.1 Kenny Dick verbally updated the Committee on proposals following the development session held in October 2018 on the revised Audit Committee Handbook, now named the Audit and Assurance Committee Handbook.
- 13.2 Kenny Dick confirmed that the terms of reference for the Audit Committee would be reviewed during the committee effectiveness review; that the committee effectiveness review would use the new handbook and consideration would be given as to whether the committee should be renamed the Audit and Assurance Committee.

ID of
CS/Head of
LCG

14 Update from Resources Committee

14.1 Shared Services – strategy and risk

- 14.1.1 Lorraine Gray introduced her report 34/2018 which had been considered by Resources Committee, which met earlier in the day, but was now submitted to the Audit Committee for

information.

- 14.1.2 The Committee noted that the Resources Committee had
1. agreed to the development of an updated Shared Service Strategy
 2. discussed and agreed to updating the Shared Service Risk Register and Action Plan
 3. agreed that SLAs and a progress report on all other documents be presented to the Resources Committee in February 2019
 4. noted that a report on lessons learned, the actions taken from the Grant Thornton external audit and any recommendations from the Audit Scotland audit will come to the Resources Committee and Audit Committee in February 2019.

14.2 Shared Services separation

- 14.2.1 It was noted that following discussions the Scottish Government agreed to take responsibility for payment to the Care Inspectorate for the separation from the shared service agreement.

15 Extracts on risk from committee minutes

- 15.1 The Committee noted the information in the paper, particularly noting the reduction in risk identified at the Council meeting in October 2018, following the decision to support workers and witnesses to attend hearings.

16 AOCB

16.1 Audit Scotland Section 22 Report

- 16.1.1 Lorraine Gray informed the Committee that Audit Scotland was drafting a Section 22 report on governance and transparency with respect to the digital transformation programme.
- 16.1.2 The Committee noted the report was at draft stage and discussion between the Chief Executive and Audit Scotland was on-going. The Committee decided not to discuss the matter at this draft stage.

17 Dates of meetings in 2019

- 17.1 The dates of meetings for 2019 were noted.

Item 18 is confidential and minuted separately.

Committee started: 1.30 pm
Committee finished: 3.50pm

Signed _____
Forbes Mitchell
Chair of the Audit Committee

Date_____



Audit Committee Action Record

Item no	Item Title/Report No	Action	Responsibility	Timescale	Status/ Comments
26 September 2018					
4.2.2.1	Internal Audit Reports	Internal audit reports to revert back to original style	Scott-Moncreiff	Dec 2018	Complete
4.5.5.1	Categorisation of Reports as public or confidential	Submit a report on categorisation of Reports to Council	H of L&CG	Jan 2019	On Council Agenda Jan 2019
7.2.4.2	Audit Committee Handbook - summary of 2018 changes	Submit a report to Audit Cttee Dec 2018 and Council in January 2019	ID of CS	Dec 2018 Jan 2019	Complete Superceded by Development Session Oct 2018
10.4.2	Emerging fitness to practise risk	Submit an update report to Audit Cttee in December	D of Reg	Dec 2018	Complete
05 December 2018					
4.1	Minutes of previous meeting	Minor amendments	Cttee Sppt	Jan 2019	Complete
8.2.2	C2. Operational Planning	Monitoring Reports to be posted on Basecamp monthly and submitted to Council twice yearly	H of P&I	Dec 2018	Complete - Included on Council Calendar of Business
9.1.3.2	External Audit Annual Report	Submit the updated report to Council in January 2019	CEO	Jan 2019	Complete On Council agenda Jan 2019
9.2.2.1	External Audit Plan	Submit to Audit Cttee February 2019	External Auditor	Feb 2019	Complete On Cttee Agenda Feb 2019

10.1	Horizon Scanning	Audit Scotland 'Notes for Guidance - EU withdrawal' etc to be posted on Basecamp	Cttee Sppt	Dec 2018	Complete
12.1.4.2	Strategic Risk Register	Submit to Council the approved and updated Strategic Risk Register	ID of CS	Jan 2019	Complete On Council Agenda Jan 2019
13.2	Audit Committee Handbook	Review Terms of Reference and Committee Effectiveness Review in view of the new handbook	ID of CS/ H of L&CG	Feb 2019	Complete - Included on Calendar of Business
18.2	Confidential Minutes of 26 September 2018	Adjustment to text	Cttee Sppt	Dec 2018	Complete

Title of report	Draft Internal Audit Plan 2019/20
Action	For approval
Summary/purpose of report	This report requests that the Audit Committee considers and comments on the first draft of the Internal Audit Plan for 2019/20 (Appendix A) paying particular attention to the areas set out in sections 2.1 to 2.3 in this report.
Recommendations	<p>The Audit Committee is asked to:</p> <ol style="list-style-type: none"> 1. consider the proposed Internal Audit Plan for 2019/20 (Appendix A - pages 7 to 11), paying specific attention to the areas set out in sections 2.1, 2.2 and 2.3 of this report 2. should the Committee be content to approve some or all of the planned audits they are requested to also consider the associated draft Assignment Plans to ensure they are content with the scope, depth and risks for each.
Link to Strategic Plan	The information in this report links to: Strategic Outcome 4 - Our stakeholders value our work and Strategic Priority 6 - High Standards of Governance.
Link to the Risk Register	<p>This activity supports mitigation of the following risks:</p> <p>Strategic Risk 5 - The SSSC does not have sustainable resources to support the delivery of Strategic Plan outcomes.</p>
Author	Nicky Anderson Head of Finance
Responsible Officer	Kenny Dick Head of Shared Services Tel: 01382 207104
Documents attached	Appendix A – Draft Internal Audit Plan 2019/20

1.0 INTRODUCTION

- 1.1 Internal Audit has set out the draft Internal Audit Plan for 2019/20 contained at Appendix A. This report has been considered by the Executive Management Team.
- 1.2 The plan sets out the suggested internal audits for the 2019/20 financial year. Draft Assignment Plans which provide more detail on the scope of each review are included from page 21 onwards.

2.0 AUDIT COMMITTEE ACTION

2.1 At this stage of the internal audit process the role of the Audit Committee is to consider and agree each of the suggested internal audits for 2019/20 (Appendix A - pages 7 to 11). The Committee is requested to pay specific attention to:

- Consider the Audit Committee actions detailed on page 1 of the draft Internal Audit Plan (Appendix A);
- Consider if these are the right audits or if other audit reviews might be more appropriate or relevant;
- Consider and agree if each audit is appropriate and correctly prioritised;
- Consider if the time allocated to the audit is appropriate to provide adequate depth of audit coverage.

2.2 The proposed audits are listed below:

Proposed Internal Audit 2019/20	Audit days
A1. Procurement	4
B2. Assurance mapping	4
C1. Registration workload management	5
D3. Business continuity planning	3
Follow up & management	8
	24

2.3 The draft Internal Audit Plan also contains draft Assignment Plans (page 21 onwards). The assignment plans provide more detail on the scope and breadth of each planned audit. Where the Committee are able to agree a proposed audit the Committee is asked to also consider and approve the related Assignment Plan. The Committee is asked to pay specific attention to:

- the appropriateness of the scope of the audit;

- the appropriateness of the business objectives and whether or not they provide adequate audit coverage;
- the appropriateness of the risk section.

The Assignment Plans are listed below:

Assignment Plan	Page number
A1. Procurement	21
B2. Assurance mapping	22
C1. Registration workload management	23
D3. Business continuity planning	24

3.0 RESOURCE IMPLICATIONS

3.1 There are no resource implications arising directly from this report.

4.0 EQUAL OPPORTUNITIES

4.1 There are no equal opportunities implications arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are no legal implications arising from this report.

6.0 STAKEHOLDER ENGAGEMENT

6.1 There are no anticipated implications for stakeholder engagement.

7.0 IMPACT ON USERS AND CARERS

7.1 The internal audit service plays a key part in assessing the SSSC's risk management, control and governance arrangements, ensuring these are adequate and effective. This in turn means that the SSSC optimises the use of its resources to maximise the benefits of the work of SSSC to people who use care services.

8.0 CONCLUSION

8.1 Giving consideration to the scope, depth, breadth and key risk areas for internal audits ensures that the benefits of internal audit reviews can be maximised.



Scottish Social Services Council

Internal Audit Plan 2019/20

February 2019



Scott-Moncrieff
business advisers and accountants

Scottish Social Services Council

Internal Audit Plan 2019/20

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Introduction

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Section 4 – Definition of Internal Auditing, Public Sector Internal Audit Standards

Scott-Moncrieff's internal audit methodology complies fully with the Public Sector Internal Audit Standards (PSIAS), which cover the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework. PSIAS have superseded the Government Internal Audit Standards.

Internal audit plan

The PSIAS require the Chief Internal Auditor to produce a risk-based plan, which takes into account SSSC's risk management framework, its strategic objectives and priorities, and the views of senior managers and the Audit Committee. This Internal Audit Plan is directly linked to SSSC's Strategic Risk Register as at March 2018.

The objective of audit planning is to direct audit resources in the most efficient manner to provide sufficient assurance that key risks are being managed effectively and value for money is being achieved. This document addresses these requirements by setting out a proposed plan for 2019/20 in the context of a three year strategic internal audit plan for the period 2019/20 to 2021/22.

Audit Committee action

This 2019/20 plan has been prepared as a basis for discussion and agreement with the Executive Management Team prior to presentation at the Audit Committee. The detailed scope and objectives within Appendix 6 have been reviewed and agreed by the EMT and we now present the proposed Internal Audit Plan 2019/20 to the Audit Committee for review and approval.

The Internal Audit Plan remains flexible to allow internal to respond to emerging issues and risks throughout the year.

Internal audit approach

Supporting the Governance Statement

Our internal audit plan is designed to provide SSSC, through the Audit Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also aim to contribute to the improvement of governance, risk management, and internal control processes using a systematic and disciplined evaluation approach.

Risk based internal auditing

Our internal audit methodology links internal audit activity to the organisation's risk management framework. The main benefit to SSSC is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to SSSC's key risks;
- The responses to risks are effective but not excessive;
- Where residual risk is unacceptably high, further action is being taken;
- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively; and
- Risks, responses and actions are being properly classified and reported.

We have reviewed SSSC's risk management arrangements and have confirmed that they are sufficiently robust for us to place reliance on the Strategic Risk Register as one source of the information we use to inform our audit needs assessment.

Audit needs assessment

Internal audit plans are based on an assessment of audit need. "Audit need" represents the assurance required by the Audit Committee from internal audit that the control systems established to manage and mitigate the key inherent risks are adequate and operating effectively. The objective of the audit needs assessment is therefore to identify these key controls systems and determine the internal audit resource required to provide assurance on their effectiveness.

Our audit needs assessment takes both a top-down and bottom-up approach followed by a reasonableness check. The top-down approach involves identifying the areas of highest inherent risk and the control systems in place to manage those risks. The bottom-up approach involves defining SSSC's audit universe (potential auditable areas) and covering all systems on a cyclical basis in line with their relative risk and significance. The reasonableness check involves us using our experience of similar organisations, together with discussions with other internal auditors, to ensure that all key risk areas and systems have been considered and the resulting internal audit plan seems appropriate.

Our audit needs assessment has involved the following activities:

- Reviewing SSSC's risk register;

- Reviewing SSSC's Strategic Plan;
- Reviewing previous internal audit reports;
- Reviewing external audit reports and plans;
- Reviewing the SSSC website and internal policies and procedures;
- Utilising our experience at similar organisations and our understanding of central government and the wider public sector; and
- Discussions with the Executive Management Team (EMT) and the Audit Committee.

The audit needs assessment is revised on an on-going basis (at least annually) to take account of any changes in SSSC's risk profile. Any changes to the Internal Audit Plan are approved by the Audit Committee.

Best value

Our work helps SSSC to determine whether services are providing best value. Each year, the Plan contains specific reviews that focus on assessing whether the current processes provide best value. In addition, every report includes an assessment of value for money; i.e. whether the controls identified to mitigate risks are working efficiently and effectively. Where we identify opportunities for improving value for money, we raise these with management and include them in the report action plan.

Proposed internal audit plan

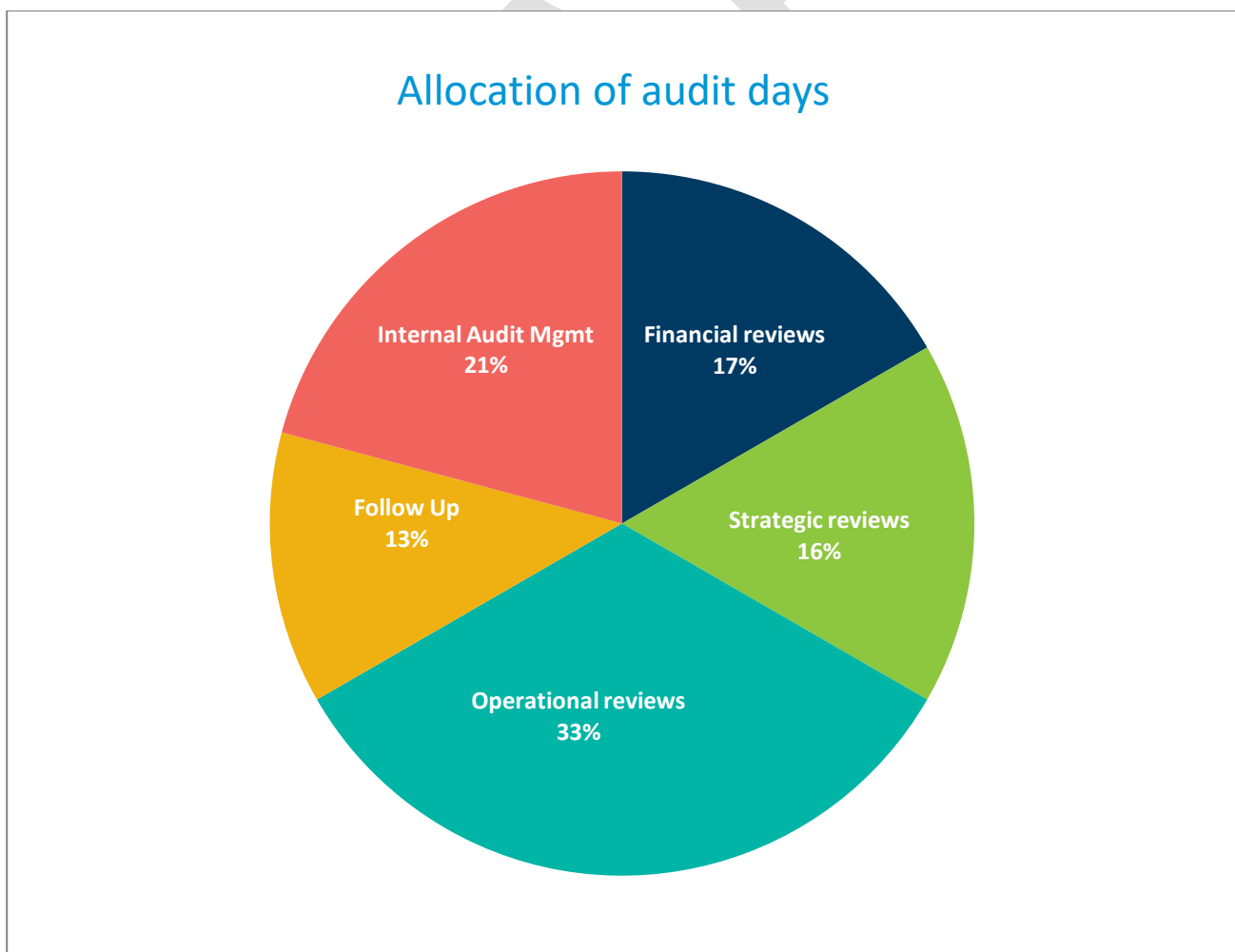
Appendix 1 presents the Strategic Internal Audit Plan for 2019/20 to 2021/22. The Strategic Internal Audit Plan is based on our latest audit needs assessment.

Our internal audit approach is based on risk. Therefore our proposed internal audit plan is also cross-referenced to SSSC's Strategic Risk Register. This is included in Appendix 2 for reference.

Internal audit is only one source of assurance for the Audit Committee. Assurance on the management of risk is provided from a number of other sources, including the EMT, external audit, and the risk management framework itself.

We seek to complement the areas being covered by SSSC's external auditor. Following discussion of this Plan at the Audit Committee, we welcome any comment from the external auditors and will look to incorporate the feedback received into the final version submitted for approval to the Audit Committee. This helps us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of the total audit resource.

The table below demonstrates how the 24 internal audit days for 2019/20 are allocated across each area of the audit universe:



Quality assurance and improvement

Key Performance Indicators

The SSSC has set out eleven performance indicators which aim to ensure its internal audit service is effective and efficient. These performance indicators have been set up under the three headings of service delivery, quality, and invoicing. The eleven performance indicators are as follows:

Area	KPIs	Description
Service Delivery	1.1	Number of internal audits delivered to original timescales agreed in the approved audit plan
	1.2	Number of internal audits delivered to original cost agreed in annual audit plan
	1.3	Number of audit reports presented to Audit Committees within agreed timescales
	1.4	Proportion of Senior staff attendance at Audit Committees
	1.5	Proportion of recommendations agreed by management
Quality	2.1	External audit can place reliance on the work in internal audit
	2.2	Stakeholders satisfaction of internal audit service
	2.3	Audits are planned in advance with the lead officer to ensure key staff are available and audit work deliverable within agreed timescales
	2.4	Actual skill mix of audit team agrees with skill mix in the agreed annual audit plan
Invoicing	3.1	Proportion of all invoiced prices are valid and correct
	3.2	Disputed invoices are resolved within two weeks of notification of the dispute

Delivering the internal audit plan

Internal Audit Charter

At Appendix 5 we have set out our Internal Audit Charter, which details how we will work together to deliver the internal audit plan.

Confirmation of independence

PSIAS require us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that all members of the internal audit team are independent of SSSC and their objectivity has not been compromised.

DRAFT

Appendix 1 – Strategic Internal Audit Plan 2019-22

Audit area	2019/20 days	2020/21 days	2021/22 days	Risk Reg Ref	Notes
A. Financial controls reviews					
A1. Procurement	4			SR5	We will review the arrangements in place within SSSC that support the delivery of the procurement activities, including the ongoing management of significant contracts.
A2. Income and receivables			3	SR5	Review of income and accounts receivable processes.
A3. Expenditure and payables		3		SR5	Review procedures for non-pay expenditure payments. This will include: <ul style="list-style-type: none"> • appropriateness of policies and procedures; and • ensuring payments are only made to legitimate creditors.
Sub-total A – Financial controls reviews	4	3	3		
B. Strategic reviews					
B1. Risk Management		3		ALL	To assess the processes for identifying and managing risk.

Audit area	2019/20 days	2020/21 days	2021/22 days	Risk Reg Ref	Notes
B2. Assurance mapping	4	2	1	ALL	To support the Audit Committee to establish an Assurance Framework in line with the latest Audit and Assurance Committee Handbook (Scottish Government, March 2018). A key focus will be on sources of assurance for the management of strategic risks. We will conduct an annual refresh of sources of assurance as part of our annual reporting to the Committee.
B3. Partnership working and governance			4	SR3	This review will consider the partnership working arrangements in place with NES, with a specific focus on the delivery of education and learning and development needs of Health and Social Services work force in Scotland.
Sub-total B – Strategic reviews	4	5	5		
C. Operational reviews					
C1. Registration workload management	5			SR2, SR4	The size of the social service workforce has increased to over 202k, the highest level recorded. The SSSC requires to manage the registration of members at a number of points, including: <ul style="list-style-type: none"> • Initial registration • Completion of PRTL • Registration renewal

Audit area	2019/20 days	2020/21 days	2021/22 days	Risk Reg Ref	Notes
					The potential impact on individual registrants can be significant if these processes are not concluded accurately and efficiently. This review will therefore consider staff demand and capacity to process applications.
C2. Stakeholder Engagement			4	SR2	To review the progress and evidence of impact of the: <ul style="list-style-type: none"> Stakeholder Strategy and Framework; and Involving People Plan.
C3. Care workforce development		4		SR4, SR3	Under the National Health and Social Care Workforce Plan Part Two, SSSC is the lead partner on recommendation 6 (career pathways). This review will provide an overview of progress against plans to develop the advanced practitioners qualification and work force planning tools.
Sub-total C – Operational reviews	5	4	4		
D. ICT Reviews					
D1. Digital Strategy			4	SR6	Review of the implementation of the Digital Strategy. Indicative objectives include: <ul style="list-style-type: none"> The ICT function has established and applied a structured approach regarding the digital planning process.

Audit area	2019/20 days	2020/21 days	2021/22 days	Risk Reg Ref	Notes
					<ul style="list-style-type: none"> ICT Management have a process in place to promptly and accurately modify the digital plan to accommodate changes to the organisation's strategic plan.
D2. Cyber Security Follow Up		4		SR5, SR6	Like all public sector bodies, the SSSC is required to achieve and maintain Cyber Essentials plus accreditation. This review would provide a targeted follow up to provide assurance that there are sufficient measures to protect the network from external attack and that staff are aware of cyber threats, including actions that can be taken to minimise cyber risk.
D3. Business Continuity Planning	3			SR6	This review will consider the extent to which the SSSC has implemented an effective Business Continuity Management (BCM) framework and ensured appropriate testing of plans.
Sub-total D – ICT reviews	3	4	4		
E. Other reviews					
E1. Follow up of previous recommendations	3	3	3		We will follow up the action plans from previous internal audits.
Sub-total E – Other reviews	3	3	3		

Audit area	2019/20 days	2020/21 days	2021/22 days	Risk Reg Ref	Notes
F. Management					
Audit Needs Assessment / Strategic and Annual Internal Audit Plan preparation	1	1	1		
Audit Committee attendance and preparation	3	3	2		
Annual Internal Audit Report	1	1	1		
Sub-total F – Management	5	5	5		
TOTAL	24	24	24		

Appendix 2 – Strategic Risk Register

As part of our audit needs assessment, we have reviewed the Strategic Risk Register to identify auditable areas against each identified risk. The summary results of this review are as set out below. We have used the versions of the Risk Register as at March 2018 to inform this exercise.

Risk ref	Risk Description	Risk Rating (Likelihood / Consequence)		2019/20 IA Response
		Raw	Residual	
SR1	That failures in our regime of registration or fitness to practise leads to public protection failure.	20	8	Covered in 2018-19 Plan
SR2	The SSSC is not able to demonstrate to our stakeholders (including SG) that its operational activity is fulfilling its strategic outcomes.	12	6	Registration workforce management
SR3	Ineffective working relationships with partner bodies impact significantly on our ability to deliver our organisational objectives.	16	6	Covered in 2020-21 Plan
SR4	The qualifications framework and workforce development products we produce do not meet the needs of employers and social service workers.	16	6	Registration workforce management
SR5	The SSSC does not have sustainable resources to support the delivery of Strategic Plan objectives (i.e. the strategic planning growth assumptions are not financially sustainable)	16	9	Assurance mapping
SR6	The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements.	20	9	Business Continuity Planning

Appendix 3 – Audit Universe

Audit area	2017/18	2018/19	2019/20	2020/21	2021/22	Risk Ref	Frequency
A. Financial reviews							
Financial systems health-check	X	X				M	Cyclical review - every 3 - 5 years
Budget management			X			H	Cyclical review - every 3 - 5 years
Financial reporting						M	Cyclical review - every 3 - 5 years
Efficiency savings			X			H	Cyclical review - every 3 - 5 years
Financial ledger						L	Reviewed annually by external audit
Payroll		X				M	Cyclical review - every 3 - 5 years
Expenditure and payables	X					M	Cyclical review - every 3 - 5 years
Income and receivables				X		M	Cyclical review - every 3 - 5 years
Treasury and cash management	X					L	Cyclical review - every 3 - 5 years
Procurement					X	L	Cyclical review - every 3 - 5 years
Accounting policies						L	Reviewed annually by external audit
B. Strategic reviews							
Strategic planning	X					M	Cyclical review - every 3 - 5 years
Risk management			X			M	Cyclical review - every 3 - 5 years
Corporate governance						L	Not identified as an area of risk
Information governance	X					M	Cyclical review - every 3 - 5 years
Performance reporting		X	X	X	X	M	Selection of key performance indicators will be reviewed each year
Partnership working						M	Cyclical review - every 3 - 5 years
Workforce planning				X		M	Included in risk register
Fitness to practise governance		X			X	M	Cyclical review – every 3 – 5 years
Stakeholder engagement				X		M	Identified as critical to the achievement of corporate objectives.
Shared services governance						M	Cyclical review - every 3 - 5 years

Audit area	2017/18	2018/19	2019/20	2020/21	2021/22	Risk Ref	Frequency
C. Operational reviews							
Operational planning		X				M	Cyclical review every 3 - 5 years
Service redesign						L	Recommended prior to major change
Registration enforcement						L	Cyclical review every 3 - 5 years
Registration cycles/workload management				X		M	Cyclical review every 3 - 5 years
Engagement with Scottish Government						L	Cyclical review every 3 - 5 years
Legal services and training						L	Not identified as an area of risk
Complaints handling						M	Cyclical review every 3 - 5 years
Stakeholder engagement					X	M	Cyclical review every 3 - 5 years
Impact on service users	X	X				M	Cyclical review every 3 - 5 years
Business continuity planning			X			M	Cyclical review every 3-5 years
Quality assurance		X				M	Included in risk register
Care workforce development				X		H	Cyclical review every 3-5 years
Absence management						L	Not identified as an area of risk
Conduct / hearing process		X				M	Cyclical review every 3-5 years
Digital strategy	X			X		H	Cyclical review every 3-5 years
Succession planning						M	Cyclical review every 3 - 5 years
Recruitment and retention			X			M	Cyclical review every 3 - 5 years

Appendix 4 – Internal Audit Charter

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of SSSC.

It helps SSSC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Aim

The aim of this protocol is to set out the management by both parties of the internal audit process. The protocol sets out and outlines in detail, the context of the internal audit function. This includes the place of the Audit Committee, the key personnel involved, and the timescales and processes to be followed for each internal audit review.

This Charter is in line with the best practice guidance set out by the Chartered Institute of Internal Auditors. It has however been developed and enhanced to meet the needs and requirements of SSSC.

Personnel

The senior staff employed by the respective parties to manage this protocol are as follows:

Scott-Moncrieff

Chief Audit Executive: Gary Devlin, Exchange Place 3, Semple Street, Edinburgh, EH3 8BL
Tel: 0131 473 3500
Email: gary.devlin@scott-moncrieff.com

Audit Manager: Grace Scanlin, Exchange Place 3, Semple Street, Edinburgh, EH3 8BL
Tel: 0131 473 3500
Email: grace.scanlin@scott-moncrieff.com

SSSC

Director of Corporate Services: Mr Gordon Weir, Compass House, 11 Riverside Drive, Dundee, DD1 4NY
Tel: 0345 60 30 891
Email: gordon.weir@careinspectorate.com

Head of Shared Services: Mr Kenny Dick, Compass House, 11 Riverside Drive, Dundee, DD1 4NY
Tel: 0345 60 30 891
Email: kenny.dick@careinspectorate.com

Head of Finance: Ms Nicky Anderson, Compass House, 11 Riverside Drive, Dundee, DD1 4NY
Tel: 0345 60 30 891
Email: Nicky.Anderson@SSSC.uk.com

Role

Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve the operations of SSSC. It helps SSSC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Gary Devlin will take the role as Chief Audit Executive for SSSC.

Professionalism

The internal audit activity will adhere to mandatory guidance of The Chartered Institute of Internal Auditors (CIIA) including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The CIIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to SSSC's relevant policies and procedures. Internal audit activity will also reflect relevant Scottish Government directions, as relevant to SSSC.

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of SSSC's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its role and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee.

Accountability

The Chief Audit Executive will be accountable to the Audit Committee and will report administratively to the Head of Finance.

The Audit Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Audit Executive.

The Chief Audit Executive will communicate and interact directly with the Audit Committee, including between Audit Committee meetings as appropriate.

Independence and objectivity

The internal audit activity will remain free from interference by any element in SSSC, including on matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining the internal auditors' independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgement.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and must not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of SSSC's governance, risk management, and internal control processes. Internal control objectives considered by internal audit include:

- Consistency of operations with established objectives and goals;
- Effectiveness and efficiency of operations and use of resources;
- Compliance with significant policies, plans, procedures, laws, and regulations ;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information; and
- Safeguarding of assets.

Internal audit is responsible for evaluating all processes, the 'audit universe', of SSSC, including governance processes and risk management processes. In doing so, internal audit maintains a proper degree of coordination with external audit.

Internal audit may perform consulting and advisory services related to governance, risk management and control. It may also evaluate specific operations at the request of the Audit Committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by SSSC.

Annual internal audit plan

The audit year runs from 1 April to 31 March.

The Chief Audit Executive will submit an annual internal audit plan for the forthcoming year to the Audit Committee for review and approval. The plan will be presented to the Committee in April / May of each year, unless there are exceptional circumstances. The internal audit plan will detail, for each subject review area:

- The outline scope for the review;
- The number of days budgeted;
- The timing, including which Audit Committee the final will report will go to; and
- The Audit Sponsor.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management. Prior to submission to the Audit Committee for approval, the plan will be discussed with senior management. In particular, the outline scope and timing of each review will be agreed with the relevant Audit Sponsor (member of senior management).

Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

Assignment Planning and Conduct

An assignment plan will be drafted in draft 2 of the annual plan setting out the scope, objectives, timescales, and key contacts for the assignment.

Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the number and categories of the staff to be interviewed. Where appropriate, the staff interviewed should include both the providers and the consumers of the process or service being audited.

The assignment plan will be agreed with the Audit Sponsor (via EMT meeting approval) when the 2nd draft of the plan is agreed by Audit Cttee

The assignment plan will be formally signed off by the Audit Sponsor (via EMT meeting) and copied to the Head of Finance. Any subsequent amendments to scope must be approved and signed off by the Audit Sponsor and Head of Finance.

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the Key Contacts and/or Audit Sponsor, as appropriate.

Reporting and Monitoring

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement. Each report will be distributed to the Audit Sponsor for management responses and comments. The draft reports will also be copied to the Head of Finance.

At a minimum each internal audit report will include the following sections:

- Audit scope;
- Summary of findings;
- Conclusions; and
- Management action plan.

Draft reports will be issued by email within two weeks of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further two weeks.

The management comments and response to any report will be overseen by the Audit Sponsor or named coordinator, approved by the Audit Sponsor and then sent to the Head of Finance. Auditors will collate management responses and issue the draft report (due one week before the EMT meeting). The management comments will also be subject to review and approval by the wider EMT before being returned to the internal auditor. Internal audit will issue the final report to the Head of Finance. The final report will be issued within one week of the management responses being received. Finalised internal audit reports will be presented to the Audit Committee.

The timings set out above are maximum timescales expected for each review. Tighter timescales may be agreed for a review and these will be set out in the assignment plan.

Follow-up

The internal audit activity will be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared. Approval of audit committee will be obtained for any changes to deadlines.

Audit Committee

The Audit Committee meets regularly during the year a year. Dates for Audit Committee meetings will be provided to internal audit as soon as they are agreed.

The Chief Audit Executive and / or Internal Audit Manager will attend all meetings of the Audit Committee.

Internal audit will schedule its work so as to spread internal audit reports over the Audit Committee cycle of meetings. The annual internal audit plan will detail the internal audit reports to be presented to each Audit Committee meeting.

Finalised internal audit reports must be sent to the Head of Finance at least one week before the date of each Audit Committee meeting.

The Chief Audit Executive will present specific reports to the Committee throughout its annual cycle. These reports and the expected timescales are as follows:

Output	Meeting
Audit needs assessment	February
Annual internal audit plan	February (draft) and June (final)
Annual report	June
Progress report	All meetings

The Audit Committee will meet privately with the internal auditors at least once a year.

Periodic Assessment

The Chief Audit Executive is responsible for providing a periodic self-assessment on the internal audit activity. This self-assessment will cover performance against the internal audit plan and also highlight any issues relating to the implementation or compliance with this Internal Audit Charter.

In addition, the Chief Audit Executive will communicate to senior management and the Council on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

Review of Protocol

This protocol will be reviewed by both parties each year and amended if appropriate.

Appendix 5 – Draft Assignment Plans

A1. Procurement

Client: Client Name	Scottish Social Services Council
Assignment:	Procurement
Background:	<p>As a public sector organisation it is important that the SSSC approaches procurement in a sustainable nature. Obtaining value for money when buying goods, works and services and demonstrating that it is using public resources effectively and efficiently are essential.</p> <p>Procurement and tendering procedures must allow sufficient flexibility so that SSSC can quickly respond to business needs. However, minimum standards of business practice must be maintained, including robust assessment of and documented justification for procurement decisions.</p>
Scope:	<p>In accordance with the 2019/20 Internal Audit Plan, we will perform a review of the operational controls in place for procurement.</p>
Control objectives:	<p>To ensure that:</p> <ul style="list-style-type: none">• Procurement processes are carried out in accordance with organisational policy and procedures and in compliance with all relevant legislation, including EU rules;• Management plan and operate the procurement process effectively, achieving value for money;• Procurement methods are supported by a robust system of appraisal of the various options, ensuring an appropriate balance between price and quality; and• There is a cohesive approach to the development and training of staff involved in the procurement and tendering process.
Risk register link:	<p>This review relates to the following risk in the Strategic Risk Register, as at March 2018:</p> <ul style="list-style-type: none">• The SSSC does not have sustainable resources to support the delivery of Strategic Plan objectives (i.e. the strategic planning growth assumptions are not financially sustainable)
Client contacts:	<p>Audit Sponsor: Kenny Dick, Head of Shared Services</p> <p>Key contacts: TBC by the SSSC</p>

B2. Assurance mapping

Client:	Scottish Social Services Council
Assignment:	Assurance Mapping
Background:	The latest Audit Committee Handbook (Scottish Government, April 2018) places a requirement on central government Audit Committees to develop assurance mapping arrangements. This review will support the Audit Committee by providing an overview on key sources of assurance for the management of strategic risks. We will conduct an annual refresh of sources of assurance as part of our annual reporting to the Committee.
Scope:	The management of SSSC's strategic risk register.
Control objectives:	<ul style="list-style-type: none"> • Identify all of the sources of assurance currently active for each Risk using the three lines of defence approach. • Consider all of the assurance activities that are planned to take place and gain an understanding of their scope, the level of assurance provided, the expertise of the assurance provider, the frequency of the activity, the reporting line etc. • Determine the level of assurance required for each of the areas identified. This will include consideration of risk profile, complexity, experience, strategic importance and the audit committee's view.
Risk register link:	<p>This review relates to the following risk in the Strategic Risk Register, as at March 2018:</p> <ul style="list-style-type: none"> • The SSSC is not able to demonstrate to our stakeholders (including SG) that its operational activity is fulfilling its strategic outcomes.
Client contacts:	<p>Audit Sponsor: Kenny Dick, Head of Shared Services</p> <p>Key contacts: SSSC Legal and Governance Manager</p>

C1. Registration workload management

Client: Client Name	Scottish Social Services Council
Assignment:	Registration workload management
Background:	<p>The size of the social service workforce has increased to over 202k, the highest level recorded. The SSSC requires to manage the registration of members at a number of points, including:</p> <ul style="list-style-type: none"> • Initial registration • Completion of PRTL • Registration renewal <p>The potential impact on individual registrants can be significant if these processes are not concluded accurately and efficiently. This review will therefore consider staff demand and capacity to process applications.</p>
Scope:	To review the arrangements for managing the workload of the Registration team and escalating demand challenges to the EMT.
Control objectives:	<ul style="list-style-type: none"> • Procedures are in place to predict, and monitor workflow to manage peak periods effectively. • There are arrangements in place to escalate demand pressures that may have an impact on overall performance. • Performance against service standards is monitored on an individual basis. • Quality assurance arrangements are in place to ensure that each case is treated appropriately.
Risk register link:	<p>This review relates to the following risk in the Strategic Risk Register, as at March 2018:</p> <ul style="list-style-type: none"> • The SSSC is not able to demonstrate to our stakeholders (including SG) that its operational activity is fulfilling its strategic outcomes • The qualifications framework and workforce development products we produce do not meet the needs of employers and social service workers
Client contacts:	<p>Audit Sponsor: Lorraine Gray, Chief Executive</p> <p>Key contacts: TBC by the SSSC</p>

D3. Business Continuity Planning

Client:	Scottish Social Services Council
Assignment:	Business Continuity Planning
Background:	<p>The ability to be able to respond to unexpected events and provide continuity of service is critical to the organisation and it is essential that formal plans and procedures exist to support it in the event of a disaster.</p> <p>The effectiveness of these plans requires a structured and methodical approach to identifying critical business processes, contingent resources, and optimal recovery strategies as well as robust maintenance and test processes.</p>
Scope:	<p>This review will consider the extent to which the SSSC has implemented an effective Business Continuity Management (BCM) framework and ensured appropriate testing of plans.</p>
Control objectives:	<p>To confirm the extent to which the following are in place:</p> <ul style="list-style-type: none">• A BCM framework, including policy and governance arrangements, has been implemented with roles and responsibilities assigned.• Business Continuity Plans demonstrate a comprehensive understanding of the organisation, identifying the key services, as well as the critical activities that support them.• Comprehensive and robust plans have been developed to manage the initial response to an incident and ensure the continuity of critical activities can be maintained.• Effective processes exist to ensure business continuity arrangements are kept up-to-date and plans are regularly exercised and reviewed.• Business continuity is embedded within the culture of the organisation and has strong support from senior management. There is good awareness of business continuity issues.
Risk register link:	<p>This review relates to the following risk in the Strategic Risk Register, as at March 2018</p> <ul style="list-style-type: none">• The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements..

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Scott-Moncrieff Chartered Accountants is registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants of Scotland.



Scottish Social Services Council (SSSC)

External Audit Plan for the financial year ending 31 March 2019

Audit Committee 20th February 2019

DRAFT

Joanne Brown
Engagement Leader

Angelo Gustinelli
Audit Manager

Craig Blyth
In-charge



Our audit at a glance



We fulfil our responsibilities per ISAs (UK) and the Audit Scotland Code of Audit Practice throughout our work.



Materiality is set at 2% of the total budget for 2018/19 (£435,300).

This is based on our assessment of what misstatement either individually or in aggregate could be significant as to be misleading to the users of financial statements.



Significant audit risks are: management override of controls, revenue recognition as set out in International Standards on Auditing (ISAs UK) and expenditure recognition as set out in Financial Reporting Council (FRC) Practice Note 10.

An audit underpinned by quality and adding value to you



Performance materiality is set at 75% and trivial is 5% of materiality.

This reflects no uncorrected misstatements in prior year and our understanding of SSSC in year 3 of our audit cycle.



We do not consider a full wider scope audit is appropriate to the SSSC.

However, we will consider the Council's financial sustainability and governance arrangements as part of our audit.



At the planning stage and throughout our fieldwork, we will continue to develop our understanding of the overall control environment as related to the financial statements, with a focus on; procedures and controls around related parties, journal entries, payroll and other key entity level controls.

Following the Section 22 report highlighting governance in respect of the digital programme and the sharing of services with the Care Inspectorate we will specifically look at the actions taken by SSSC to address the weaknesses identified and include commentary in our annual report.

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Overarching principles of our audit

Our audit is risk based and undertaken in accordance with the International Standards on Auditing (ISAs) (UK) and the Audit Scotland Code of Audit Practice 2016 ('the Code').

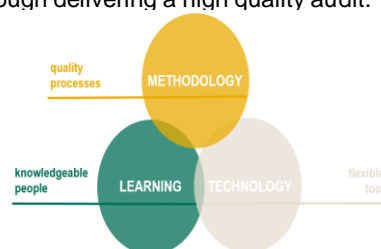
Our overall objective is a effective, quality-focused external audit which adds value through wider insights and challenge. Our audit foundations are:

- ✓ professional scepticism
- ✓ a focus on audit risks and key areas of management judgement
- ✓ Delivering a quality audit through our experienced public sector audit team, use of data analytics to focus our audit and understanding of the organisation
- ✓ clear and upfront communications, with regular communication during the year
- ✓ reporting with focused actions which will support you in improving your controls/operations

Adding value

Our aim is to add value to SSSC through our external audit work. This will be delivered through delivering a high quality audit. Specifically for SSSC we will also undertake the following arrangements:

- **Robust and effective audit methodology:** Our ISA compliant audit methodology is tailored to **focus audit resource on significant risk areas** and key estimates and judgements.
- **Investing in our people:** Our resourcing model is designed to ensure you have a **skilled, experienced and knowledgeable audit team**.
- **Investing in technology:** We continue to invest in data analysis and audit software to deliver more **efficient ISA compliant audit processes**.



We will share relevant Audit Scotland and Grant Thornton publications with Senior Management and the Audit Committee, identifying particular areas for consideration. We will pro-actively work with management during the year to discuss any new or emerging matters, such as the new revenue standards which come into effect from 31 March 2018.

Audit timeline



Key audit deliverables

2018/19 Deliverables as set out in the Audit Scotland planning guidance (October 2018)

- Confirmation of agreed fee by end of February 2019.
- Annual quality report to the Auditor General and Accounts Commission (January 2019).
- Current issues return for Central Government to Audit Scotland (21 January 2019 and 19 July 2019).
- Submission of fraud cases to Audit Scotland on a quarterly basis.
- Submission of annual audit report and audited accounts (deadline 31 October 2019).

Planned Audit Scotland publications which may be relevant to SSSC

- Digital progress in central government and health (reporting early 2019/20).
- Modern Apprenticeships.

External Audit deliverables for 2018/19 – Audit Committee

- External Audit Plan (this document).
- Annual Report to those Charged with Governance (September 2019).
- Audit opinion (October 2019).
- Management letter of representation (October 2019).

Audit approach and materiality



We undertake your audit in accordance with International Standards on Auditing (UK) (ISAs) and the Audit Scotland Code of Audit Practice (May 2016). On an annual basis we are required to give an opinion as to whether the Financial Statements:

- give a true and fair view
- have been properly prepared in accordance with relevant legislation and standards
- audited parts of the remuneration and staff report have been prepared in accordance with the guidance
- regularity of expenditure
- the wider information contained in the financial statements e.g. Accountability Report; Directors Report and Governance Statement

Basis for materiality

We calculated financial statement materiality based on SSSC's total budget for 2018/19 (£21.765 million). We have determined materiality to be **£435,300** which equates to approximately **2%** of your total budget for 2018/19. This is based on our judgement of our consideration of material to the user of the account based on understanding of SSSC.

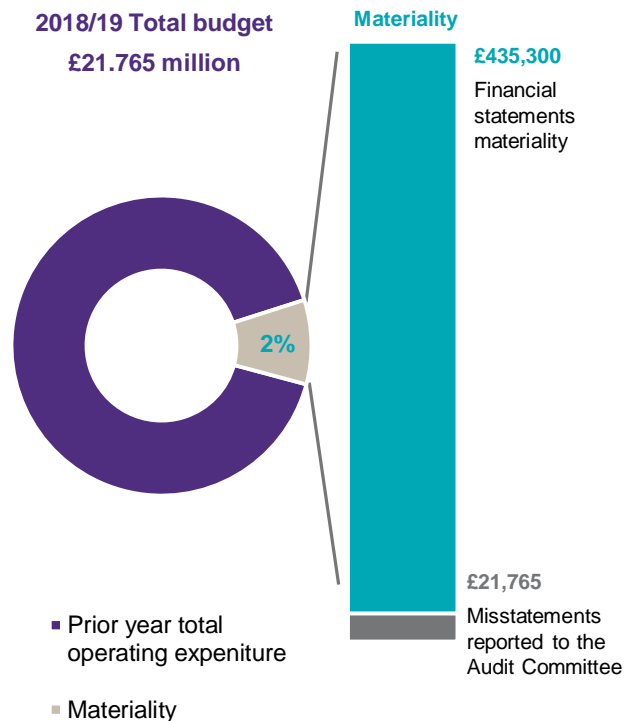
We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Performance materiality

Performance materiality represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed materiality. Based on our audit experience in 2017/18, we have set performance materiality at **75%** of total materiality and this remains unchanged from prior year. Performance materiality determines the level of sample testing performed where applicable.

Reporting to those charged with governance

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. We have determined this threshold to be **£21,765**.



A risk based audit methodology

This is the third year as external auditors of SSSC appointed under the Audit Scotland framework. SSSC is funded through mixture of grant in aid from the Scottish Government and fees paid by service providers. In 2017/18, SSSC received £16.256 million of grant in aid and generated £5.119 million of operating income through registration fees, reimbursement from the Scottish Government for practice learning fees and other income.

As the regulator for social service workforce in Scotland, SSSC has a multi-purpose role of establishing standards of social services practice, conduct and training; supporting the training and development of the social services workforce within Scotland; and where required, investigating and taking actions where people fall below expected standards of practice and conduct.

The strategic plan covers a period of anticipated growth of social care provision with expected number of registered Social service workers increasing by 50% over the term. With the growth in register, this is anticipated to put additional requirements on the organisation including investigations, training and development. While the organisation generates revenue through registration fees and other services, it is predominantly funded through grant-in-aid. For 2018/19, SSSC received confirmation of core funding of £20.3 million, an increase on the previous year. However, the organisation recognises the financial pressures faced by the organisation with rising cost and funding pressures.

Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Overview of our audit risks identified at planning and our proposed approach

	Risk of fraud in revenue	Risk of fraud in expenditure	Management override of controls
The Risk	<p>As set out in ISA 240, there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>Grant Funding from the Scottish Government is well forecast and agreed directly to funding award letters and is therefore inherently lower risk of fraud.</p> <p>Our presumed risk focuses on fees and charges. The SSSC charges fees to individual social care service workers applying to join the Register. Once registered an annual continuation of registration fee is charged and following a set number of years a renewal of registration fee is charged. Fees totalled £2.598 million in 2017/18. We consider the risk to be prevalent around the year end and therefore focus our audit work on transactions around the year end.</p>	<p>Operating expenditure is understated or not treated in the correct period (risk of fraud in expenditure) as set out in Practice note 10 (revised) which applies to public sector entities.</p>	<p>As set out in ISA 240, across all entities there is a presumed risk of fraud being perpetrated by management through its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Management override of controls is present in all entities.</p>
Our planned response	<ul style="list-style-type: none"> Walkthroughs of the controls and procedures around material income streams and validation of key controls where appropriate. Agree income in year to supporting receipts/invoices/cash. Consider income cut off procedures and substantive testing over pre and post year end balances. A focus on recoverability of balances at the year end. 	<ul style="list-style-type: none"> Perform cut off at year end on pre and post year end transactions and recording. Walkthrough of the key expenditure controls in place. Regularity – Expenditure incurred in accordance with the type/nature of SSSC as an organisation. 	<ul style="list-style-type: none"> A focus on understanding how/where management override of controls may occur. Review of the controls over journal entries. Understanding key areas of judgement and estimation within the financial statements and the basis for these judgements and the application of accounting policies. Reviewing unusual and/or significant transactions.

A risk based audit methodology

Going concern considerations

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

We will review management’s assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Working with Internal Audit

We will aim to not duplicate the work of the Scott Moncrieff. We will consider the internal audit plan for 2018/19 and identify any particular areas relevant to our audit responsibilities and any area of risk which may impact on our planned testing approach. We will continue to review internal audit work throughout the year and maintain an ongoing, open, dialogue with internal audit.

Internal control environment

Throughout our audit planning and fieldwork we will continue to develop our understanding of the overall control environment (design) as related to the financial statements. In particular we will:

- Consider procedures and controls around related parties, journal entries and other key entity level controls. In particular placing reliance on the work of Audit Scotland in their role of Scottish Government external auditors.
- Perform walkthrough procedures on key controls around identified risk areas including payroll expenditure (as approx. 50% of SSSC costs relate to staff), other expenditure, journal entries and material areas of management estimate and judgement.

Smaller body audit approach

– Audit dimensions and Best Value

Our responsibilities under Audit Scotland's Code of Audit Practice extend beyond the audit of the financial statements.

The Code sets out four dimensions that frame wider scope audit work into identifiable areas. Alongside Best Value, the audit dimensions set a common framework for our audit work and we review and conclude on the organisational arrangements in place to secure Best Value.



For smaller bodies the Audit Scotland Code of Practice permits auditors to not apply the full wider scope audit. In our judgement, taking into account the nature of SSSC operating activity and income and expenditure streams, [we feel it is appropriate to treat you as a smaller body under the Code](#). However, in accordance with Audit Scotland planning guidance, we will update our understanding of your arrangements for ensuring financial sustainability as well as your governance arrangements in place to support disclosures contained within the annual governance statement included within your financial statements.

Additional to the wider dimensions, the Audit Scotland Audit Planning guidance outlines key areas for consideration, the key areas relevant to the organisation are as follows:

- EU Withdrawal;
- Changing landscape for public financial management;
- Dependency on key suppliers; and
- Openness and transparency.

Wider scope - Significant risk considerations

Following the Section 22 report highlighting governance in respect of the digital programme and the sharing of services with the Care Inspectorate we have identified a wider scope significant risk pinpointed to governance for 2018/19.

We will specifically look at the agreed actions taken by SSSC to address the weaknesses identified, measuring implementation of agreed actions and will include commentary in our annual report reflecting progress made.

Appendices

Key audit deliverables and our team

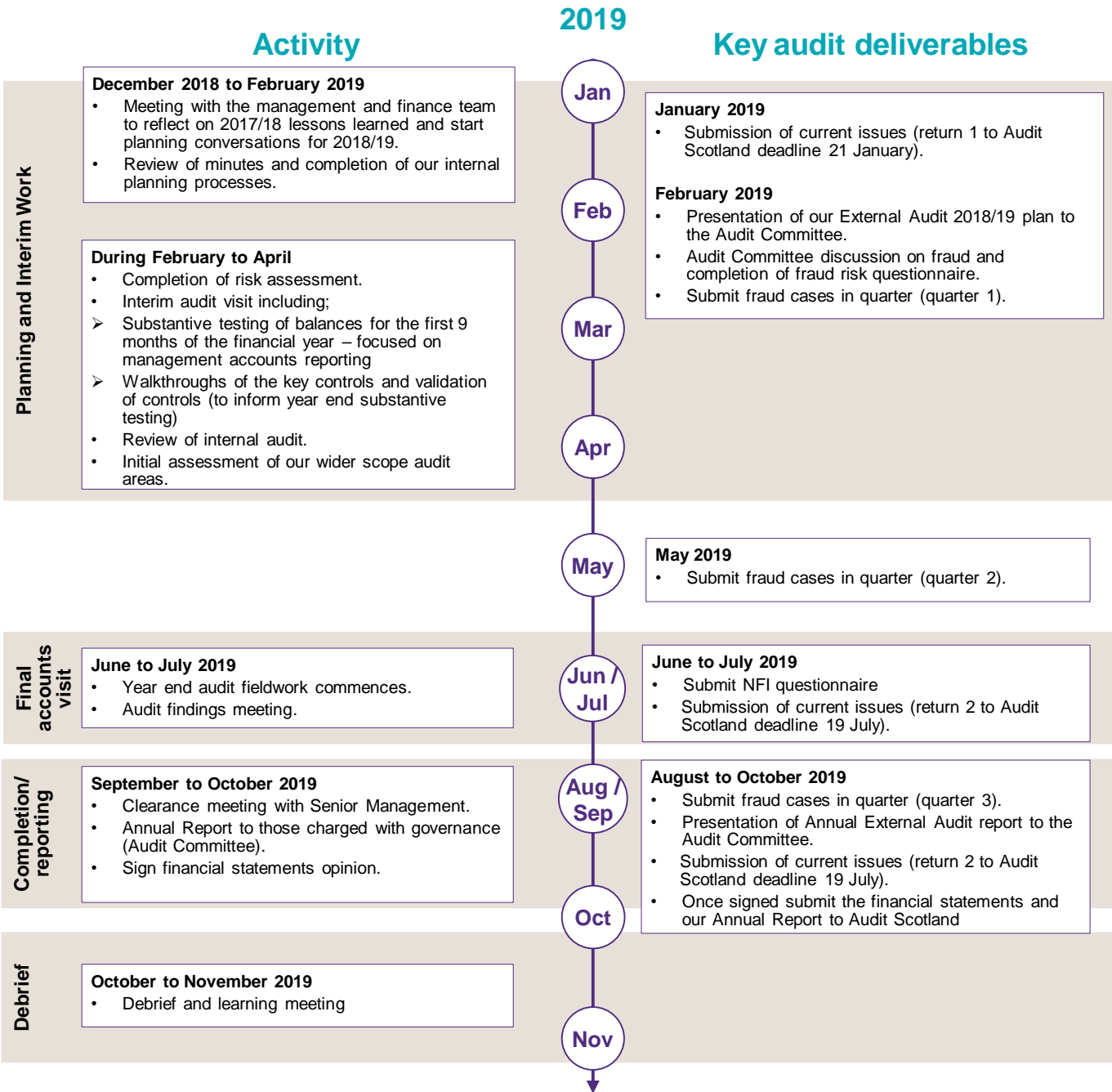
Audit process

Fees and independence

Fraud arrangements

Respective responsibilities

Key audit deliverables and our team



Our team

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Director

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Audit process

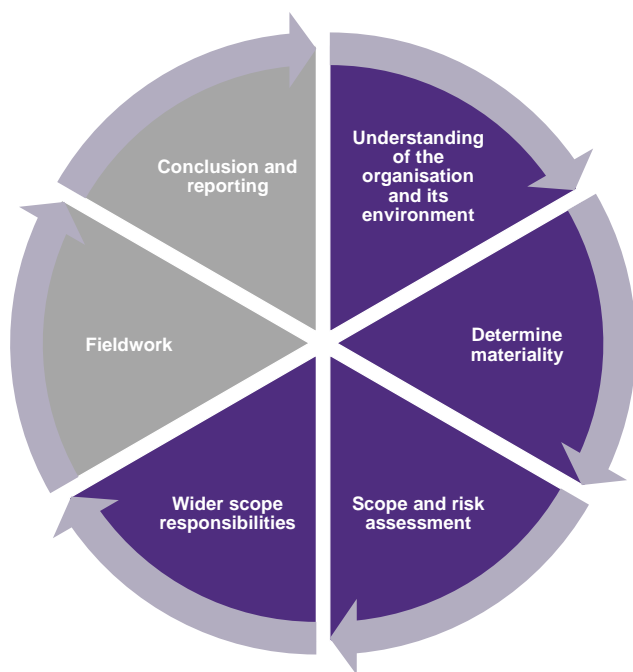
Fieldwork, conclusion and reporting

Our audit fieldwork will be conducted in accordance with ISAs and the Code of Audit Practice. Our fieldwork is designed to provide sufficient assurance to provide an opinion on the true and fair view of the financial statements and allow us to conclude on the areas of wider scope.

We will conclude our audit procedures and provide an independent audit opinion on the financial statements. Our key conclusions and findings from our audit work will be reported to you through our annual audit report.

Understanding of the organisation and its environment

This is our third year as the external auditors of SSSC appointed under the Audit Scotland framework. In this time we have built on our knowledge of your business and the environment in which you operate. Our understanding of the organisation and its environment is provided on **page 6**.



Determine materiality

Fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We determine your materiality during our audit planning process and continue to assess the appropriateness of this value throughout the audit. More detail around your materiality is provided on **page 5**.

Wider scope

The Code sets responsibilities for auditors of public bodies which extend beyond the audit of the financial statements, Auditors are required to consider and report on wider audit dimensions. In our judgement, we feel it is appropriate to treat you as a smaller body under the Code. However, we will update our understanding of your arrangements for ensuring financial sustainability as well as your governance arrangements in place to support the delivery of SSSC's strategic outcomes as part of our audit. Our consideration of the Wider scope is provided on **page 8**.

Scope and risk assessment

The scope of our audit work is in accordance with the Code and International Standards on Auditing.

Our audit work is risk based and during our audit planning we identify significant audit risks. More detail around our significant risks is provided on **pages 6 and 7**.

Fees and independence

External Audit Fee

Service	Fees £
External Auditor Remuneration	15,040
Pooled Costs	3,620
Contribution to Audit Scotland costs	900
Contribution to Performance Audit and Best Value	0
2018-19 Fee	19,560

Fees for other services

Service	Fees £
At planning stage we confirm there are no non-audit fees	Nil

The audit fee is calculated in accordance with guidance issued by Audit Scotland. In accordance with the Audit Scotland guidance we can increase the fee by up to 20% from the base fee set by Audit Scotland, depending on risk factors identified by us as your external auditors. We cannot reduce the fee from the baseline set out by Audit Scotland. The above proposed fee, set at the base fee, has been agreed with management. The fee is based on the following assumptions:

- supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- the scope of the audit, and SSSC activities will not change significantly from planned
- SSSC will make available management and accounting staff to help us locate information and to provide explanations. We reserve the right to charge an additional fee for any additional work.
- We will only receive (and audit) 3 sets of accounts (1st draft; amended draft and final)

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Annual Report to those charged with governance at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

We are required by auditing and ethical standards to communicate any relationships that may affect the independence and objectivity of the audit team.

We can confirm no independence concerns have been identified.

Fraud arrangements

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at SSSC.

As part of our audit work we are responsible for:

- identifying and assessing the risks of material misstatement of the financial statements due to fraud in particular in relations to management override of controls.
- Leading a discussion with those charged of governance (for SSSC this is assumed to be the Audit Committee) on their view of fraud. Typically we do this when presenting our audit plan and in the form of management and those charged with governance questionnaires.
- designing and implementing appropriate audit testing to gain assurance over our assessed risks of fraud
- responding appropriately to any fraud or suspected fraud identified during the audit.

As auditors we obtain reasonable but not absolute assurance the financial statements as a whole are free from material misstatement, whether due to fraud or error.

We will obtain annual representation from management regarding managements assessment of fraud risk, including internal controls, and any known or suspected fraud or misstatement.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is SSSC's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

Throughout the audit we work with SSSC to review specific areas of fraud risk, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control.

All suspected frauds and/or irregularities over £5,000 are reported to Audit Scotland by us as your auditors on a quarterly basis.

Respective responsibilities

As set out in the Code of Audit Practice (pages 10 to 16) there are a number of key responsibilities you as an organisation are responsible for, and others, as appointed auditors we are responsible for. These are summarised below:

Area	SSSC's Responsibilities
Corporate governance	<ul style="list-style-type: none"> Establishing arrangements for proper conduct of its affairs Legality of activities and transactions Monitoring adequacy and effectiveness of arrangements (inc role of those charged with governance)
Financial statements	<ul style="list-style-type: none"> Preparing financial statements which give a true and fair view of their financial position Maintaining accounting records and working papers Putting in place systems of Internal Control Maintaining proper accounting records Preparing and publishing an annual governance statement, management commentary and remuneration report Effective systems of internal control as well as financial, operational and compliance controls – supporting achievement of objectives and secure value for money
Financial position	<ul style="list-style-type: none"> Proper arrangements to ensure financial position is soundly based and responsibility to ensure arrangements secure best value
Fraud and error	<ul style="list-style-type: none"> Establishing appropriate arrangements for prevention and detection of fraud, error, irregularities, bribery and corruption and affairs are properly managed

Our responsibilities



- Undertake statutory duties and comply with professional engagement and ethical standards
- Provide an opinion on financial statements and where appropriate regularity of transactions
- Review and report on, as appropriate, other information eg annual governance statements, management commentary, remuneration reports
- Notify the Auditor General when circumstances indicate a statutory report may be required
- Demonstrate compliance with the Code of Practice and Auditing standards

How do we do this in practice



- By reviewing and providing judgements and conclusions on SSSC's arrangements.
- Consideration of the effectiveness of performance management arrangements
- Suitability and effectiveness of corporate governance arrangements in year
- Financial position and arrangements for ensuring financial sustainability in the medium to longer term
- Review of other information in line with our knowledge and understanding of SSSC
- Ongoing dialogue and engagement with Audit Scotland during the year

Weaknesses and risks identified by us as your auditors are only those which have come to our attention during our normal audit work in accordance with the Code, and may not be all that exist. Communication by us of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to SSSC Management and the Audit Committee.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Views about the qualitative aspects of SSSC's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

International Standards on Auditing (UK) (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table above.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while our Annual Report to those Charged with Governance will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to SSSC Management and the Audit Committee.





Scottish Social Services Council

2018/19 Internal Audit Plan

Progress Report

February 2019



Scott-Moncrieff
business advisers and accountants



Scottish Social Services Council

Internal Audit 2018/19

Progress Report – January 2019

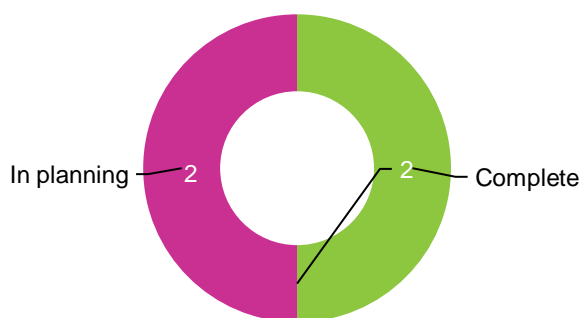
Summary of Progress	2
Appendix 1 – Progress against 2018/19 Internal Audit Plan	3

Summary of Progress

Progress against the annual audit plan

The Annual Internal Audit Plan 2018/19 was considered at the Audit Committee meeting in April 2018 and approved by the Audit Committee in May 2018.

This paper provides a summary of internal audit activity during the year to date and confirms the reviews planned for the coming quarter. There are no proposed changes to the annual plan.



As at November 2018, the Operational Planning and Performance Indicators audits have been completed. We remain on track to deliver the full programme of audit days by June 2019.

Appendix 1 sets out the status of the 2018/19 internal audit programme.

Plan for next quarter

We will present the following reports to the May 2019 Audit Committee:

- Payroll
- Fitness to Practise

Action for Audit Committee

The Audit Committee is asked to note the contents of this report and to approve the plan for the next quarter. Contact details are as follows:

Gary Devlin, Audit Partner	gary.devlin@scott-moncrieff.com	0131 473 3500
Grace Scanlin, Audit Manager	grace.scanlin@scott-moncrieff.com	0131 473 3500

Appendix 1 – Progress against 2018/19 Internal Audit Plan

Name of report	Status	Audit start	Draft report issued	Management responses	Final report issued	Planned Audit C'ttee meeting	Actual Audit C'ttee meeting
A4. Payroll	Planning	Feb 2019	Mar 2019	April 2019	April 2019	May 2019	
B2 Fitness to Practise	Planning	Feb 2019	Mar 2019	April 2019	April 2019	May 2019	
B5. Performance Management - KPIs.	Complete	Oct 2018	Oct 2018	Nov 2018	Dec 2018	Dec 2018	Dec 2018
C2. Operational Planning	Complete	Aug 2018	Sept 2019	Oct 2018	Oct 2018	Dec 2018	Dec 2018
Annual Internal Audit Report 2017/18	-	-	Apr 2019	Apr 2019	May 2019	May 2019	

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Scott-Moncrieff Chartered Accountants is registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants of Scotland.

Title of report	Strategic Risk Register Monitoring and Review
Public/confidential	Public
Action	For decision
Summary/purpose of report	This report presents the results of the most recent review of the SSSC's Strategic Risk Register for consideration.
Recommendations	That the Audit Committee: <ul style="list-style-type: none"> 1. notes the risk review and the reduced likelihood of strategic risk 6 2. approves the updated Strategic Risk Register for submission to Council.
Link to Strategic Plan	The information in this report links to: Strategic Outcome 4 - our stakeholders value our work.
Link to the Risk Register	This report describes the most recent results of EMT's regular reviews of the Strategic Risk Register.
Responsible Officer	Kenny Dick Head of Shared Services Tel: 01382 207104
Documents attached	Appendix 1: Summary of changes to the strategic risk position Appendix 2: Revised Strategic Risk Register

1. INTRODUCTION

- 1.1 There is a process in place where risk is reviewed at all levels within the SSSC. This report provides details of changes to the position with respect to the Strategic Risk Register and details new or emerging risks the Executive Management Team (EMT) has decided to escalate for the Committee's attention.

2. CHANGES TO THE STRATEGIC RISK POSITION

- 2.1 Appendix 1 provides a summary of changes to the strategic risk position. There has been a change in the risk score for strategic risk number 6.
- 2.2 Strategic risk no. 6: The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements.

We implemented the replacement Sequence, MySSSC, public website, integrated Case Management System and migrated to the new independent ICT infrastructure over the period 7 to 11 February 2019. In the build up to the "live" implementation there was a heightened risk score and an adjustment to risk tolerance and appetite due to this inherently risky process.

Following successful implementation EMT is of the view that short term increase in likelihood score can reduce to previous levels. Once bedded in and Cyber Essentials Plus accreditation achieved the score will be considered again.

The impact score will be maintained at the increased score of 4 as the new Case Management System holds more sensitive personal data electronically than was previously the case. This position will be reviewed as the detailed risk assessment schedule for the new ICT environment is completed (see 2.3 below).

The Committee should also note the risk velocity (the speed at which the risk position can change significantly) will remain high during the early stages of "live" use by our staff and external customers.

- 2.3 Now that the new ICT environment is operational strategic risk number 6 will be reviewed in detail to reflect the new systems and infrastructure environment. The revised detailed risk management template will be submitted for the Committee's consideration in June 2019.

3. UPDATE ON STRATEGIC RISK NUMBER 1

- 3.1 Strategic risk number 1: That failures in our registration or fitness to practise processes leads to public protection failure.

The Committee has been monitoring a fitness to practise risk where our monthly monitoring processes identified that the number of fitness to practise cases opened per month is exceeding the number of cases closed. An update

on the position is provided in a separate report prepared by the Director of Regulation.

4. NEW AND EMERGING RISKS

- 4.1 EMT has not identified any new or emerging risks that require to be escalated to the Audit Committee.

5. RESOURCE IMPLICATIONS

- 5.1 There are no financial or human resources implications arising directly from this report.

6. EQUAL OPPORTUNITIES

- 6.1 An Equalities Impact Assessment (EIA) on the risk Policy was carried out in September 2016. The review of the risk register does not change the previously assessed position.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications arising directly from this report.

6. STAKEHOLDER ENGAGEMENT

- 6.1 There are no direct implications for stakeholder engagement.

7. IMPACT ON USERS AND CARERS

- 7.1 There are no implications for users and carers arising directly from this report.

8. CONCLUSION

- 8.1 The SSSC has implemented very significant changes to key systems and ICT infrastructure. This work was intrinsically risky. Now that the new environment is implemented there is reduced risk but there is no complacency. Work is underway to embed controls and train relevant staff.
- 8.2 The fitness to practise cases closed to cases opened position will continue to be monitored but EMT are of the view that the current risk score remains appropriate.

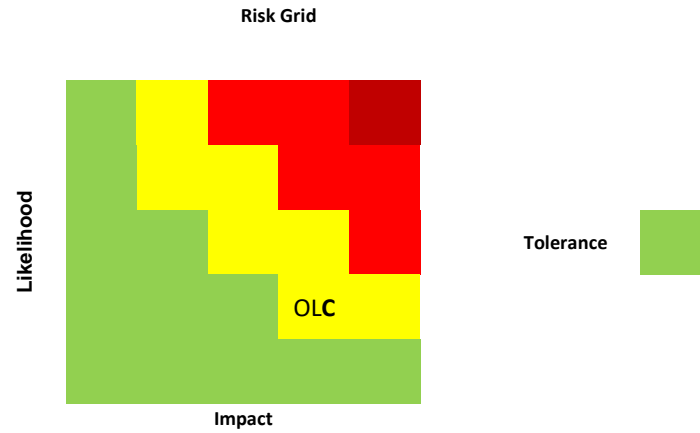
STRATEGIC RISK REGISTER REVIEW - FEBRUARY 2019

1. That failures in our registration or fitness to practise processes leads to public protection failure.

O = original identified residual risk

L = last reported residual risk

C = current residual risk

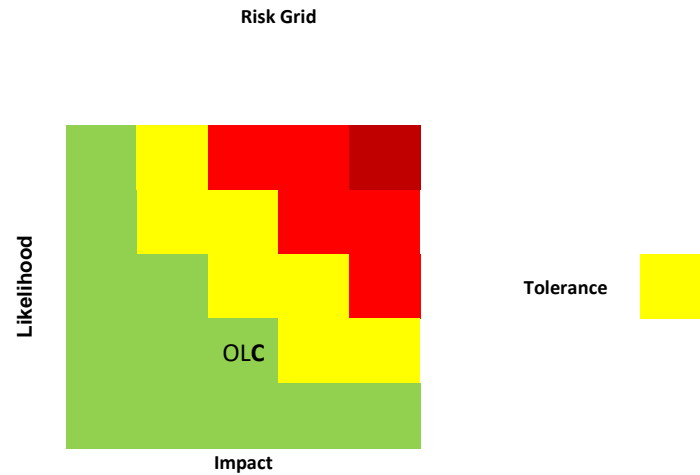


2. The SSSC is not able to demonstrate to our stakeholders (including SG) that its operational activity is fulfilling its strategic outcomes

O = original identified residual risk

L = last reported residual risk

C = current residual risk



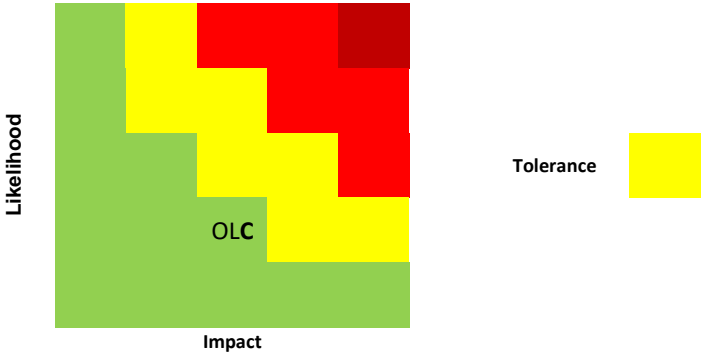
3. Ineffective working relationships with partner bodies impact significantly on our ability to deliver our strategic outcomes

O = original identified residual risk

L = last reported residual risk

C = current residual risk

Risk Grid



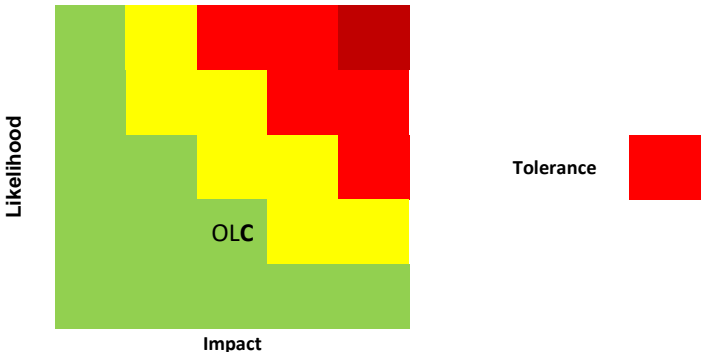
4. The qualifications framework and workforce development products we produce do not meet the needs of employers and social service workers.

O = original identified residual risk

L = last reported residual risk

C = current residual risk

Risk Grid

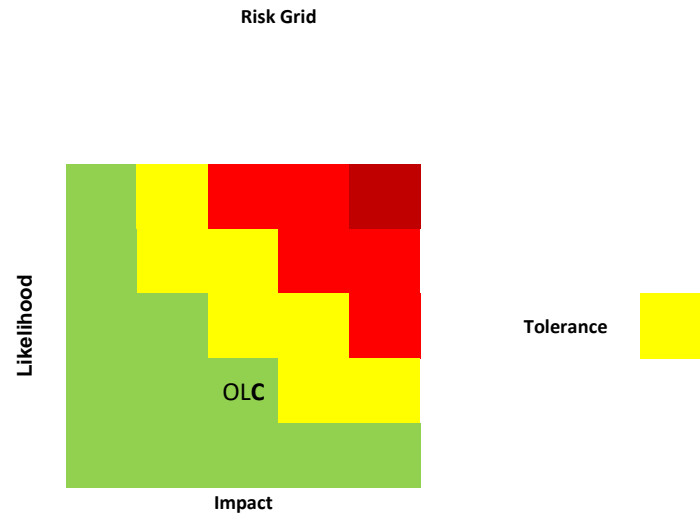


5. The SSSC does not have sustainable resources to support the delivery of Strategic Plan outcomes (i.e. the strategic planning growth assumptions are not financially sustainable)

O = original identified residual risk

L = last reported residual risk

C = current residual risk

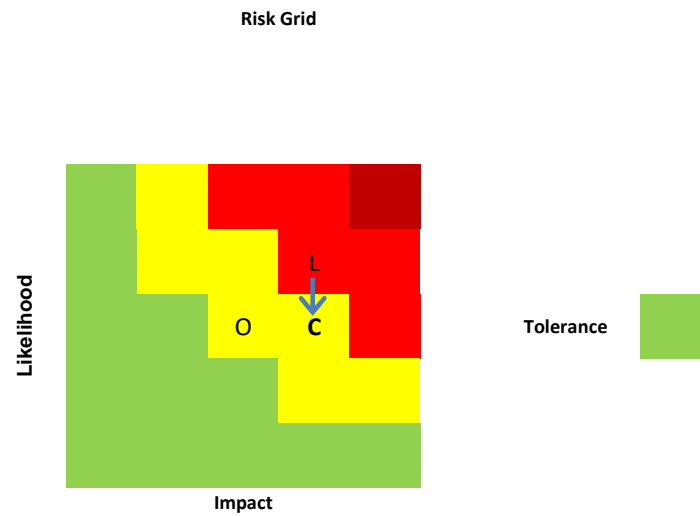


6. The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements

O = original identified residual risk

L = last reported residual risk

C = current residual risk



STRATEGIC RISK REGISTER

Audit Committee
20 February 2019
Agenda item: 11.1
Report no: 05/2019
Appendix 2

No.	Risk	Strategic Priority(ies)	Lead Officer	Risk Velocity	Raw Score (L x I)	Raw Risk Grade	Residual Score (L x I)	Residual Risk Grade	Risk Appetite	Risk Tolerance
1	That failures in our registration or fitness to practise processes leads to public protection failure.	1.1, 1.2	Dir FtP	High	20	Very High	8	Medium	Cautious (5)	Low
2	The SSSC is not able to demonstrate to our stakeholders (including SG) that its operational activity is fulfilling its strategic outcomes	4.6	Dir SPE	Low	12	High	6	Medium	Cautious (4)	Medium
3	Ineffective working relationships with partner bodies impact significantly on our ability to deliver our strategic outcomes	3.4	Ch Exec	Low	16	High	6	Medium	Cautious (5)	Medium
4	The qualifications framework and workforce development products we produce do not meet the needs of employers and social service workers.	2.3, 3.4	Dir SD	Low	16	High	6	Medium	Open (7)	High
5	The SSSC does not have sustainable resources to support the delivery of Strategic Plan outcomes (i.e. the strategic planning growth assumptions are not financially sustainable)	1, 2, 3, 4 & 4.6	Dir CS	Low	16	High	9	Medium	Cautious (6)	Medium
6	The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements	4.6	Dir CS / Dir SPE	High	20	Very High	12	Medium	Averse (1 & 2)	Low

Review Date

08/02/2019

Title of report	Emerging Fitness to Practise Risk Update
Public/confidential	Public
Action	For information
Summary/purpose of report	To update Members on the caseload risk in the Fitness to Practise Department and the mitigating action taken and planned
Recommendations	The Committee is asked to: 1. note the contents of the report.
Link to Strategic Plan	The information in this report links to: Outcome 1 - The right people are on the register.
Link to the Risk Register	Risk 1 - That failures in our regime of registration or fitness to practise leads to public protection failure.
Author	Martin Campbell Head of Fitness to Practise
Responsible Officer	Maree Allison Director of Regulation Tel: 01382 207183
Documents attached	Appendix 1: caseload and staff turnover

1. INTRODUCTION

1.1 In September 2018 we identified an emerging risk in the Fitness to Practise Department's throughput of cases. The number of cases coming into the Department exceeded the number of cases closed each month, combined with an increase in staff turnover. We reported this risk and the steps taken to mitigate it to Audit Committee in September and December 2018.

1.2 This report provides Members with an update on the situation.

2. CURRENT SITUATION

2.1 The Department opened more cases than it closed every month between February and December 2018 and closed more cases than it opened in January 2019. Table 2 and Chart 1 of the Appendix provide an overview of the cases opened and closed each month. The Department's caseload has increased by a total of 575 cases during this period.

2.2 The number of cases received each month reduced slightly in December and January. This is a normal variation seen in previous years. Our expectation is that the number will increase in February.

2.3 The number of cases closed in January was very high. Whilst it is encouraging, some of those closures arose from focussing resources on the high number of referrals that were with the Intake and Engagement team for a decision on whether they met the threshold for opening. The focus on this workstream has resolved those cases but this is a one-off boost. Staff also took up overtime which improved throughput. We do not expect closures to be as high in February.

2.4 Progress on the mitigatory steps:

Mitigation Identified in September	Update on progress since September
a. We will implement the Case Management System (CMS) in November which will free up staff time from administrative work and hopefully permit caseholders to focus on substantive	December update: There has been a delay to the implementation of CMS due to issues with the development of Sequence. Staff time is still being diverted towards the development and testing of CMS. The new date for the system going live is towards the end of January. February update: CMS went live on 11 February.

<p>investigations, decisions and hearings.</p>	<p>Conclusion:</p> <p>Most of the staff time diverted to testing and training of CMS has been released. We will now start seeing efficiencies in process which will hopefully improve progression of cases to conclusion.</p>
<p>b. We are recruiting new staff and HR are assisting with a flexible approach to try to recruit quality candidates as quickly as possible.</p>	<p>December update:</p> <p>We have recruited to all but one of the vacant posts. New staff either are in post or have a start date fixed. Turnover appears to have stabilised. It will take time to train new staff and put them through the internal quality assurance process.</p> <p>Five staff members have advised they are pregnant. The demographics of the Department are such that we are consistently dealing with a number of maternity leaves. We are giving consideration to how to deal with this.</p> <p>February update:</p> <p>There have been further resignations of experienced staff. A recruitment campaign for solicitors and senior solicitors has started. HR have helped with revision and streamlining of the application process. Specialist legal recruitment agencies have also been used. We remain understaffed until we fill these roles.</p> <p>As partial mitigation we have concluded a recruitment campaign for a temporary Precognition Officer role focussing on taking statements to free up solicitor and investigator time.</p> <p>We continue to invest significant staff resources in recruiting and inducting new staff and quality assuring their work. This diverts existing staff and particularly senior time from casework.</p> <p>The staffing statistics are at Table 3 in the Appendix.</p>

	<p>Conclusion:</p> <p>The refreshed approach to recruitment has increased the number of applications we have received for solicitor posts. Interviews are due to take place over the next few weeks. The benefits of the recruitment exercises will not be fully realised until the new starts have been in post for several months.</p> <p>The upcoming maternity leaves are a concern.</p> <p>Also of concern is that the recruitment exercise has highlighted that market conditions are such that we are struggling to recruit solicitors and particularly experienced solicitors. The key reason is due to salary.</p>
<p>c. We have appointed a new Manager to the Intake and Engagement Team. They have a brief to improve the skill and confidence within the team so they close referrals off at the outset, if proportionate.</p>	<p>December update:</p> <p>The Intake & Engagement team were particularly affected by staffing issues. The team is now up to full complement and work on early resolution has begun in earnest.</p> <p>This is a difficult balance, as we must ensure that public protection remains the driver and we do not close cases simply to manage caseloads.</p> <p>The increase in cases closed within the first 10 days is set out at Chart 3 and has increased significantly.</p> <p>February update:</p> <p>An Intake and Engagement Officer has left the team. Recruitment to fill this sector-specific role has been challenging and we are considering external recruitment agencies to assist.</p> <p>The % of cases closed as not meeting our threshold for investigation appears to have stabilised.</p> <p>The Manager found that there was a build-up of cases referred to us where we had insufficient information to decide if it met the threshold. Initial follow-up work with employers and workers to obtain the</p>

	<p>information had been carried out but needed focussed attention. The team have applied this focus, providing a boost to the case closure numbers in January. We published an article in the eBulletin for employers highlighting the need to provide full information at the point of referral.</p> <p>Conclusion:</p> <p>It is encouraging to see evidence of this work bearing fruit.</p>
<p>d. We will submit a paper to Council seeking authority to consult on an opt-in hearings model which, if successfully consulted on and implemented will reduce the number of hearings held.</p>	<p>December update:</p> <p>Council granted authority to consult at the end of October. We will launch the consultation imminently. If the consultation is successful it is likely that we will be asking Council to make a decision on implementation of the proposal in Spring/Summer 2019.</p> <p>February update:</p> <p>We delayed the consultation launch until March due to pressure of other work. If successful it is likely that we will report the consultation outcome to Council in October.</p> <p>Conclusion:</p> <p>If we implement this proposal we anticipate that it will reduce time spent on hearings which will enable staff to focus on other work. However it is several months before we will be able to put the proposal to Council.</p>
<p>Further mitigatory steps identified:</p>	
<p>e. Overtime</p>	<p>In January and February, the Department offered overtime to staff. We funded this from underspends created by difficulties in filling vacancies. There has been a positive uptake of overtime across all staff groups.</p> <p>Conclusion:</p> <p>The additional hours worked by staff has contributed to closing more case than we opened in January. This is the first month the</p>

	department has closed more cases than it has opened since the previous January.
f. External solicitors	<p>The Department has a contract for external legal services with a law firm well recognised in the field of Professional Regulation.</p> <p>We have decided to instruct them to conduct some Hearings scheduled to take place in March/April/May. This will free up senior time to focus on induction and quality assurance of new staff.</p> <p>Conclusion:</p> <p>This will help reduce the time spent in hearings which will enable staff to focus on other work.</p>

3. RESOURCE IMPLICATIONS

- 3.1 The cost of overtime is projected at £25,000 between January and March 2019. We estimate the cost of instructing the external solicitors as being £75,000 of which £30,000 will fall into this financial year. These costs are incorporated into the budget monitoring for this financial year.
- 3.2 Financial modelling work is being finalised, taking account of the efficiencies expected from CMS. It indicates that additional staff are required.

4. EQUALITIES IMPLICATIONS

- 4.1 An Equality Impact Assessment has not been carried out. I confirm that this policy will have no negative impact on people with one or more protected characteristics and a full Equality Impact Assessment is not required.

5. LEGAL IMPLICATIONS

- 5.1 No specific implications.

6. STAKEHOLDER ENGAGEMENT

- 6.1 No stakeholder engagement has been carried out.

7. IMPACT ON USERS AND CARERS

- 7.1 An increasing caseload can lead to delays in us acting on cases, affecting the safety of users of services.

8. CONCLUSION

- 8.1 The mitigatory steps are starting to increase the number of cases closed each month. Of continuing concern is the challenge in recruiting suitable staff, particularly solicitors and we require to consider this further. EMT is monitoring this risk closely. If we do not see the improvement continuing we will consider further steps.

9. BACKGROUND PAPERS

- 9.1 Audit Committee Report Number 17/2018.

TABLE 1- 2017

Month	Opened	Closed	
Jan	172	232	
Feb	205	236	
Mar	285	215	
Apr	281	287	
May	282	341	
Jun	253	316	
Jul	224	274	
Aug	231	268	
Sep	191	253	
Oct	188	187	
Nov	194	241	
Dec	136	140	
Total	2642	2990	Caseload decreased by 348

TABLE 2 - 2018

Month	Opened	Closed	
Jan	204	216	
Feb	216	192	
Mar	184	181	
Apr	224	166	
May	252	241	
Jun	239	131	
Jul	251	179	
Aug	306	215	
Sep	280	220	
Oct	327	229	
Nov	294	196	
Dec	234	191	
Jan	237	316	
Total	3248	2673	Caseload increased by 575

CHART 1

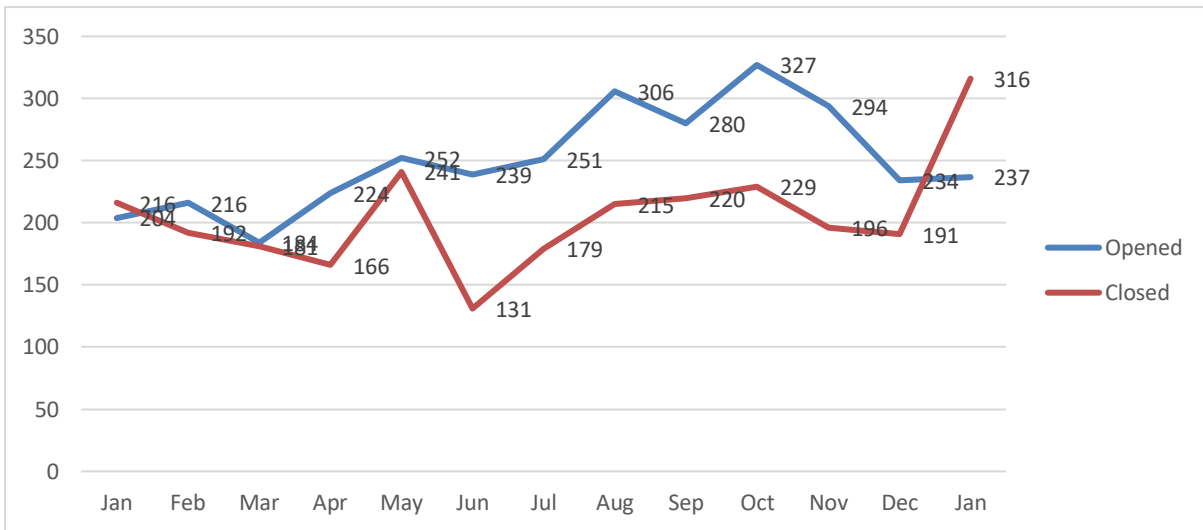


CHART 2

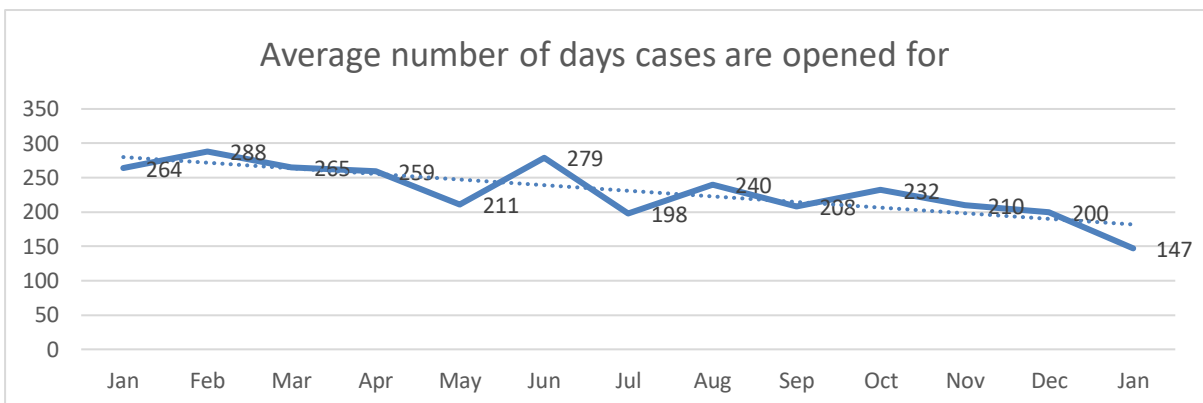


CHART 3

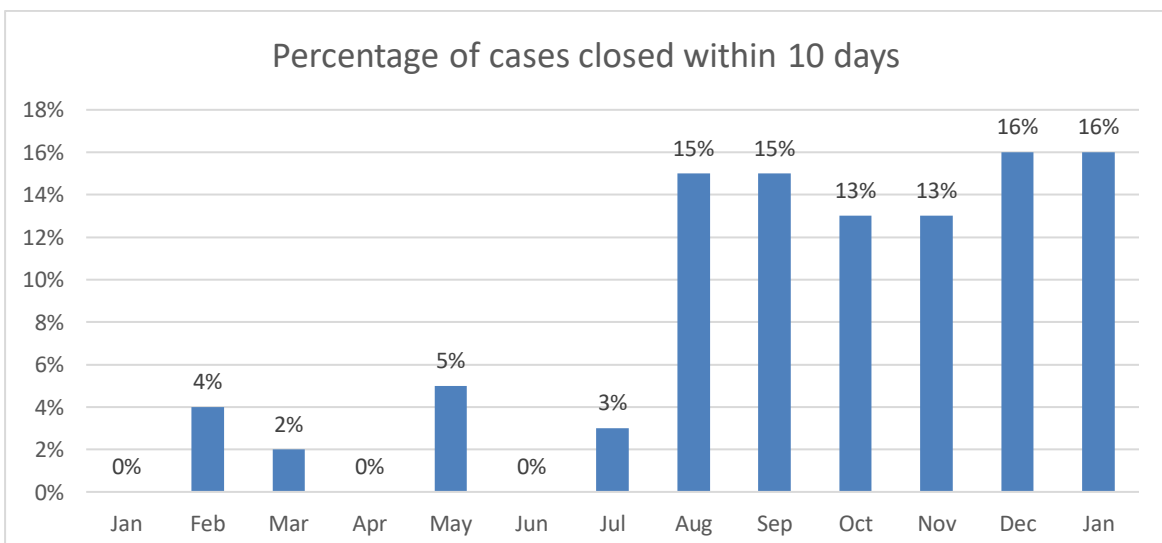


TABLE 3 – Staffing information

Month	% posts currently or imminently vacant	% in post within last six months
November	11%	35%
February	19%	23%

SCOTTISH SOCIAL SERVICES COUNCIL

Extracts on Risk from Council/Committee minutes

Meeting	Date confirmed/ unconfirmed	Risk item/Minute text	Reported to Audit Committee	Resolution/ Action/ Risk Owner
Resources	December 2018	No new risks identified	20 February 2019	n/a
Audit	December 2018	<p>Item 12 - Strategic Risk Register monitoring and review</p> <ul style="list-style-type: none"> • noted the risk review and increased likelihood and impact assessment of strategic risk no 6 • approved the updated Strategic Risk Register for submission to Council • noted that the emerging fitness to practise risk was the subject of the following report <p>Item 14.1 - Shared Services Strategy and risk discussed and agreed to updating the Shared Service Risk Register and Action Plan</p>	20 February 2019	EMT
Council	January 2019	<p>Item 11 – Digital Transformation Programme The changeover to the new ICT systems, taking place over the weekend of 8-10 February 2019</p>	20 February 2019	CEO

Audit Committee Calendar of Business 2019

AGENDA ITEMS					
	Feb 2019	June 2019	Aug 2019	Sept 2019	Dec 2019
Standing items					
Strategic Risk Register Monitoring		✓		✓	✓
Horizon Scanning (including Audit Scotland Publications)	✓	✓		✓	✓
Update(cross reporting) from Resources Committee	✓	✓		✓	✓
Calendar of Business	✓	✓		✓	✓
Extracts on Risk from Committee Minutes	✓	✓		✓	✓
Committee effectiveness review(held afer meeting - Members only)	✓	✓			
Feedback from committee effectiveness review (including terms of reference)		✓		✓	
External audit periodic/ad hoc items					
Draft Annual Report and Accounts			✓	✓	
External Audit Progress Update on Audit of Financial Statements			✓	✓	
Private meeting	✓			✓	
Audited Annual Reports and Accounts				✓	
Combined ISA260 Report to those Charged with Governance & Annual Report on the Audit Ctte/draft letter of representation			✓	✓	
External Audit Plan 2019/20	✓				

AGENDA ITEMS					
	Feb 2019	June 2019	Aug 2019	Sept 2019	Dec 2019

Internal audit periodic/ad hoc items

Internal audit reviews:					
Payroll		✓			
Fitness to practise		✓			
Strategic Internal Audit Plan & Annual Internal Audit Plan		✓			
Internal Audit Plan 2019/20	✓				
Internal Audit Plan Follow Up report	✓	✓		✓	✓
Internal Audit Plan Progress Report	✓			✓	✓
Internal Audit Annual Report (including review of Internal Audit Quality Indicators)		✓			
Private meeting	✓				✓

SSSC periodic/adhoc agenda items

National Fraud Initiative (verbal - as required)					
Annual Review of Strategic Risk Register	✓				
Annual Counter Fraud and Corruption Policy Review		✓			
Business Continuity Plan - review		✓			