

**SCOTTISH SOCIAL SERVICES COUNCIL**

**Unconfirmed minutes of the Audit and Assurance Committee**  
**held on 01 November 2022 at 10.00 am in Compass House, Riverside Drive,**  
**Dundee and by Teams meeting**

**Present:** Professor Alan Baird, Council Member, Chair  
Rona King, Council Member  
Peter Murray, Council Member (online)

**In Attendance:** Maree Allison, Acting Chief Executive (online)  
Laura Lamb, Acting Director of Workforce, Education and Standards (online)  
Lynn Murray, Interim Director of Finance and Resources  
Laura Shepherd, Director of Strategy and Performance (online)  
Chris Weir, Acting Director of Regulation  
Anne Garness, Head of Legal and Corporate Governance  
Audrey Wallace, Corporate Governance Coordinator  
David Archibald, Internal Auditor, Henderson Loggie

<b>1.</b>	<b>Welcome</b>
1.1	The Chair welcomed everyone to the meeting. The Committee noted apologies from Stuart Inglis of Henderson Loggie.
<b>2.</b>	<b>Declarations of interest</b>
2.1	There were no declarations of interest.
<b>3.</b>	<b>Minutes of the previous meeting</b>
3.1	The minutes of the meeting held on 02 August 2022 were approved as an accurate record.
<b>4.</b>	<b>Matters arising</b>
	<b>4.2 Annual report and accounts (ARA) timeline</b>
4.1	Lynn Murray verbally updated the Committee with further information from the external auditors on the timeline for the audit of the annual accounts. She advised that the audit team carrying out the work had never worked with SSSC previously and is based in Bristol. She and Nicky Anderson, Head of Finance, met with the audit team and ascertained, although the work had been behind schedule, the auditors said they had now caught up and were confident that the work was back on track and the draft audit findings report and the draft audited accounts should be completed by 10 November 2022.

4.2	Lynn Murray confirmed, following discussions with the Corporate Governance team, should the accounts be delayed and not be available in time for issue to Committee Members seven days before the meeting on 24 November, it would be possible to hold a meeting of the Audit and Assurance Committee on either 28 or 29 November 2022 to consider the ARA, and this would still be ready for the meeting of the Council to approve these on 13 December 2022.
4.3	Alan Baird expressed his concern about the delay by the external auditors saying that this situation was unsatisfactory and some action must be taken to express the Committee's thoughts and concerns. Rona King suggested, and Committee agreed that the Chief Executive would send a letter, further to the one sent in August, to Audit Scotland and to the Sponsor at Scottish Government expressing dissatisfaction with the delays. On being asked, David Archibald said he was aware of issues with other audit companies being unable to carry out work timeously without assistance from other offices. He agreed that organisations in a position where final accounts were being delayed by the auditors, should make Audit Scotland aware of the full extent of the issue. Lynn Murray advised that she had let Sponsor know of the issues.
4.4	Anne Garness addressed the Committee on the process and timings which would need to be met in order to have the ARA issued to Members in accordance with the Standing Orders and in order to allow Members sufficient time to review the papers in advance of a meeting. Alan Baird acknowledged that, if absolutely necessary, the meeting of the Committee to recommend approval of the accounts could be delayed from 24 to 28 or 29 November. Council Members were meeting then for a development session and a short Committee meeting could be scheduled. He also asserted that every effort should still be made to enable the Committee to consider the accounts on the scheduled date of 24 November.
4.5	The Committee
	1. instructed the Chief Executive to send a letter, in follow-up to the one sent in August, to Audit Scotland and copied to Sponsor at Scottish Government, advising of the challenges faced in having the annual accounts audited in time for approval by Council and laying before Parliament on or before 31 December 2022
	2. agreed that every attempt should be made to have papers ready to hold the meeting of the Audit and Assurance Committee to recommend approval of the accounts to Council, on 24 November 2022
	3. agreed, if necessary, if the required process dates could not be met for a meeting on 24 November, the Audit and Assurance Committee meeting should be postponed to 28 or 29 November 2022.

<b>5.</b>	<b>Assurance report as of 30 September 2022</b>
5.1	Laura Shepherd introduced report 24/2022, the assurance report to 30 September 2022. The report provided performance, financial and risk information as at 30 September 2022. The Committee agreed to discuss the finance aspects of the report first.
5.2	Lynn Murray advised the Committee on the projected corporate underspend and the implications for the Future Proofing Project, including the plan to carry forward £385k for the digital development portion of this project. It was noted that Sponsor would be asked for this to be carried forward. Lynn Murray then advised that the Scottish Government may decide not to allocate £1.638 spending pressure, although our projections still assume we will receive it and we would have issues if we couldn't access this. She also advised on the general reserve of £400k left, allowing for the underspend on disbursements and noted that this was under the 2% target.
5.3	Maree Allison joined Lynn Murray in discussion on the funding for the pay award and Members noted that built into the budget is an approximate 2% pay award. The union have submitted a pay claim seeking an inflation-level award. Scottish Government have set this year's pay remit for Non Departmental Public Bodies (NDPBs) at 5% of salary spend. We have submitted a proposal to the pay policy unit for an approximate 5% award. This is subject to the sponsor team securing additional funding to support such an award. The union have submitted a majority petition to the acting Chief Executive and have advised that they will be balloting members on industrial action due to the lack of a pay offer.
5.4	Peter Murray commented on the highly unusually uncertain situation with the budget and projections and asked if cost cutting scenarios were being drawn up. Officers confirmed this was part of usual practice but there are limited options available, given the previous efficiencies and with 85% of the budget being staffing costs. Chris Weir commented on significant efficiencies already made and that further cuts will have a significant impact on performance of duties.
5.5	The officers advised Members on the recruitment situation including that many posts were being advertised multiple times in order to find applicants, salaries were not competitive with similar jobs in other bodies, including with the Care Inspectorate. Discussion then centred on whether a recruitment freeze would be needed should the budget determine this as a necessity, with all vacated posts requiring full approval before being advertised. Officers advised that all non-fitness to practise vacancies are reviewed by Directors before advertisement.
5.6	Peter Murray asked whether these risks were adequately reflected in the Risk Register and if mitigation and cause were sufficiently and accurately addressed. He also asked about the fees of public sector

	<p>employees being paid by Scottish Government and what effect that would have on funding and finally, whether the organisation could make any more efficiencies from the use of digital applications. Laura Shepherd confirmed that mitigating actions would be included in the November assurance report. Chris Weir explained how the administration of fees for local authority employees would work, confirming that these would come directly to the SSSC without going through each local authority. Maree Allison spoke to the use of digital resources and applications stating that the biggest benefit would be the future proofing of the register, by making a simpler register, but funding through Scottish Government is needed to carry this out.</p>
5.7	<p>Alan Baird cautioned that the funding situation with Scottish Government was very fluid and officers should make sure they have prepared cases and evidence where efficiencies have been made. Funding for future projects would be difficult to secure given the competing priorities of various bodies relying on government funding. It is imperative that officers have robust information, gathered into one file for easy presentation, should it be needed. Alan Baird added that the Council has a number of meetings scheduled within the month and Members should be kept updated of changes.</p>
5.8	<p>Laura Shepherd introduced the section of the report focussed on Strategic Performance Indicators (SPIs). She advised that the table on page 14, at the section on Insights and Intelligence should say £65k underspend not overspend.</p>
5.9	<p>The main points of discussion were</p> <ul style="list-style-type: none"> <li>• SPI 3.1: The effects of the government’s fee waiver for local authority staff meant that resource may need to be redirected to process these applications, but it was expected that the RAG status in relation to time to process applications would return to green status.</li> <li>• SPI 3.4 – 3.7 Work was continuing on identifying dormant users on the learning resources available in order to ensure that data gathered is relative to the current users. New accounts are increasing month on month, indicating that more new workers are using the resources.</li> <li>• SPI 4.5 : It was noted that staff turnover had increased and the RAG status was red. Officers spoke of the difficulties in recruitment and retention and that often the level of remuneration offered was lower at the SSSC than for similar posts with other organisations. It was noted that some posts in the SSSC were temporary and staff were moving away into permanent posts. The importance of the job evaluation exercise was discussed and Chris Weir confirmed that the decision taken to pause the project was correct as there were flaws in the exercise carried out so far. Lynn Murray confirmed that aspects of recruitment and other strategic issues would be</li> </ul>

	appropriate to be reported in the six-monthly People Strategy report.
5.10	Laura Shepherd then spoke to the information in the Risk Register. She confirmed that officers anticipated that the office accommodation situation would be resolved within a few weeks and this would result in removing the risk from future updates to the register. In discussing the staffing resource risk, although the risk scoring could not be reduced, the narrative should in future be revised to include the mitigating actions being taken to support staff.
5.11	the Committee 1. endorsed the direction of travel for strategic measures 2. approved the Risk Register position.
<b>6.</b>	<b>Audit Reports</b>
6.1	Anne Garness presented report 25/2022 which introduced reports prepared by internal auditors Henderson Loggie.
	<b>Internal Audit report – Procurement and Creditors/Purchasing</b>
6.2	Anne Garness confirmed that this report provided a satisfactory level of assurance and contained two recommendations which were agreed by management. David Archibald reminded Members that this was a shared service with the Care Inspectorate and this was a very positive report around both procurement and creditors, with the only issues being the catching-up of producing procedures and also strengthening the process for verifying changes.
	<b>Internal Audit report – Digital Strategy/Digital Transformation</b>
6.3	Anne Garness advised that this audit report provided a good level of assurance with no recommendations. David Archibald spoke to the two aspects to the report. He particularly focussed on the benefits realised from the digital transformation. It was overall a very positive report.
6.4	Members commented that credit must be acknowledged for the officers who had worked on driving this forward over the preceding four years. David Archibald commented on the complexity of some of the projects which required development in order to suit the needs of the organisation.
	<b>Internal Audit report – Future Proofing Programme</b>
6.5	Anne Garness advised that this audit report provided a good level of assurance with no recommendations. The Members discussed the funding position relating to Scottish Government and confirmed that emerging risks of this project must be fed into the Risk Register. Clarity from Scottish Government is required and should be pursued through carrying on the regular conversations. Chris Weir confirmed that the next phase, the implementation phase would be captured in the 2022/23 Audit Plan and that this was an additional audit which was

	thought to be prudent before the approval of the project by Council later in the month.
6.6	The Committee <ol style="list-style-type: none"> <li>1. commended officers involved in the areas audited</li> <li>2. endorsed the procurement and purchasing report</li> <li>3. endorsed the digital strategy and digital transformation report</li> <li>4. endorsed the future proofing project report.</li> </ol>
<b>7.</b>	<b>Management Audit Progress report</b>
7.1	Anne Garness presented report 26/2022, the management's audit progress report which gave a summary of the progress made by management in implementing internal and external audit recommendations. Henderson Loggie prepared their progress report at Appendix 1 to the report and SSSC management provided detail of the updated positions of six audits in Appendix 2 to the report. The report showed that since the last meeting of the Committee, five recommended actions had been completed and seven actions were in progress, two of which were in the procurement and creditors report endorsed at item 6.6 above.
7.2	Peter Murray asked for further detail on the four actions listed under the HR data and performance management audit. Maree Allison and Lynn Murray explained that there were challenges in obtaining data from the current system. There had also been a resource issue but this was recently resolved and the set-up of the MyView system and how it operates is now being reviewed. Lynn Murray advised that this would be a longer-term piece of work.
7.3	Chris Weir added that it was planned to present some HR data to the next meeting of the People Strategy Board in December 2022. Rona King expressed concern that parts of the recommended actions would drift, timewise, and the completion date of 31 March 2023 would not be achievable. It was agreed that detailed updates would in future be included within the body of the report, for example, where target dates were not going to be met, where there were complex issues and where the officers had concerns over the recommendations being achieved.
7.4	The Committee <ol style="list-style-type: none"> <li>1. endorsed management's response towards completion of internal and external audit recommendations</li> <li>2. noted progress towards the annual internal audit plan.</li> </ol>
<b>8.</b>	<b>Benefits Realisation April to September 2022</b>
8.1	Laura Shepherd presented report 27/2022 which provided details of the benefits realised from digital projects from April to September 2022. Laura Shepherd highlighted that five projects had been closed since the last report, although the benefits from some of these will not

	be reported until March 2023. Currently the cost efficiencies from the Duplicate Detection Improvement project amounted to over £22k. Laura Shepherd explained how the benefits were measured against the baseline, which related to number of errors.
8.2	Laura Shepherd also explained the possible benefits realised from the Digital Assets Project, which related to rationalisation of technology platforms. In effect, reducing number of suppliers resulted in reducing time spent on communication and administration of tasks.
8.3	The Committee
	1. noted the benefits detailed in the report.
<b>9.</b>	<b>Fraud, Bribery and Corruption Assurance Report</b>
9.1	Lynn Murray presented report 28/2022, Fraud, Bribery and Corruption Assurance Report and confirmed that no instances of fraud, bribery or corruption were detected in quarter two.
9.2	The Committee
	1. noted there were no instances of fraud, bribery or corruption detected in the quarter from 1 July to 30 September 2022
	2. noted the progress on counter fraud, bribery and corruption work.
<b>10.</b>	<b>Assurance Map Annual Review</b>
10.1	Anne Garness presented report 29/2022, which provided an update on the progress made on our Assurance Map for the period since 03 May 2022. The next review would take account of November 2022 to October 2023. Anne Garness drew attention to the change the Executive Management Team had made in relation to the status of Health and Safety. Its RAG status was now categorised as green.
10.2	David Archibald acknowledged that he had assisted in the population of the map and he was pleased to see that it was used effectively and updates had been made.
10.3	In answer to a query from Peter Murray, Anne Garness briefed the Members on the process used to assess the status of three lines of assurance against the various issues listed. The importance of engagement of officers was emphasised.
10.4	Rona King commented that she welcomed this model and was pleased to see that there would be a regular review process which will be reported to this Committee. Anne Garness confirmed that officers will be looking at ways to digitise the process which would help to make the map more interactive and link in with assurance reporting.
10.5	The Committee

	<ol style="list-style-type: none"> <li>1. endorsed the review and the progress made since May 2022</li> <li>2. noted that an update to the Institute of Internal Auditors (IIA's) Three Lines Model (of assurance) has been published.</li> </ol>
<b>11.</b>	<b>National Fraud Initiative (NFI) Update</b>
11.1	Lynn Murray presented report 30/2022 which provided the Committee with the outcomes of the 2021/22 NFI exercise, run by Audit Scotland, in which the SSSC had participated. The Committee was also given an opportunity to comment on management's responses to the self-appraisal checklist appended to the report. Lynn Murray reminded the Committee of a previous decision that Committee Members would infill the self-appraisal questionnaire. Members were asked to consider whether it was more appropriate for officers to complete with the Committee reviewing and endorsing the responses.
11.2	<p>The Committee</p> <ol style="list-style-type: none"> <li>1. endorsed the report</li> <li>2. noted the 'National Fraud Initiative 2020/21' report at Appendix 1 to the report as well as the management responses</li> <li>3. endorsed the management responses in the self-appraisal checklist at Appendix 2 to the report</li> <li>4. agreed that in future years, officers will complete the self-appraisal checklist for endorsement by the Audit and Assurance Committee.</li> </ol>
<b>12.</b>	<b>Quality Assurance of Approved Programmes</b>
12.1	Laura Lamb presented report 31/2022, which asked the Committee to endorse the approval and quality assurance work undertaken to ensure that the SSSC is meeting its regulatory responsibilities. The report contained key aspects of the work undertaken in the last two years, when significant changes to programme delivery and assessment were needed in order to continue learning during the pandemic.
12.2	Alan Baird expressed his concerns over ensuring that correct placements were available and that the experiences gained during the pandemic were relevant for the graduates. He also had concerns regarding Mental Health Officers (MHO) training including concerns over fewer numbers of MHO students and that those who gained the award did not stay in the role, using it as career progression instead.
12.3	Laura Lamb advised that her team were ingathering data which would assist in enhancing their quality assurance role. They would also work to address risks of the changes that were required due to the pandemic.
12.4	<p>The Committee</p> <ol style="list-style-type: none"> <li>1. endorsed the approval and quality assurance work undertaken to meet the SSSC's regulatory responsibilities</li> </ol>

	2. endorsed that the steps taken to manage the risks were appropriate
	3. noted that Laura Lamb would report back to Audit and Assurance Committee on recommendations for addressing the identified risks and challenges.
<b>13.</b>	<b>Legal Status of Fitness to Practise Panel Members</b>
13.1	Maree Allison reminded Members of the brief mention made some time ago of the panel member from the Nursing and Midwifery Council (NMC) who had raised an action about having worker status with the NMC and therefore should be entitled to staff benefits. Maree Allison advised that the updated situation is that the NMC appeal against the action was refused and panel members with particular contracts have worker status. The next part of the process is a remedies hearing.
13.2	Maree Allison confirmed that the SSSC Fitness to Practise Panel Members were in a similar position and there may be implications for the SSSC. She advised that she had written to Scottish Government asking it to consider whether the status of Council or Board Members is affected by this judgement. Maree Allison added also that she planned to bring a report on the issue to the next meeting of the Committee in February 2023.
13.3	The Committee
	1. noted the position.
<b>14.</b>	<b>Horizon Scanning</b>
14.1	David Archibald highlighted the position with public finance and reiterated the need discussed at 5.7 above, to consolidate all efficiencies carried out into one retrievable file.
14.2	There was also mention of the uncertainty over the impact and costs of the National Care Service and the Social Care: Independent Review of Inspection, Scrutiny and Regulation in Scotland.
<b>15.</b>	<b>Audit and Assurance Committee Action Record</b>
15.1	The Committee reviewed the Audit and Assurance Committee action record and agreed that actions A5, A7, A8, A9, A10, A11, A12, A13, A14, A16 and A17 be archived from the record but be saved for future reporting purposes.
<b>16.</b>	<b>Date of next meeting – 02 February 2023 at 10.00 am</b>
16.1	The next meeting scheduled for the Audit and Assurance Committee is Thursday 24 November 2022 to review the ARA. This is subject to possible change to 28 or 29 November, if the ARA is not available for the scheduled meeting.

16.2	The next meeting to consider usual business will be on Thursday 2 February 2023.
<b>17.</b>	<b>Private session</b>
17.1	The minutes of the private session of the meeting held on 2 August 2022 were approved as an accurate record.
	<i>After officers left the meeting, Audit and Assurance Committee Members and the internal auditor, David Archibald held a private discussion.</i>

Committee started: 10am  
Committee finished: 12:05pm

Signed \_\_\_\_\_  
Alan Baird  
Chair of the Audit and Assurance  
Committee

Date\_\_\_\_\_