

<b>Title of report</b>	Annual Audit and Assurance Committee report to Council
<b>Public/Confidential</b>	Public
<b>Summary/purpose of report</b>	This report provides a summary of the work of the Audit and Assurance Committee during the year 2022/23.
<b>Recommendations</b>	The Council is asked to <ol style="list-style-type: none"> <li>1. approve the annual report of the Audit and Assurance Committee</li> <li>2. note that the content of the report informed the preparation of the annual governance statement in the annual report and accounts for 2022/23.</li> </ol>
<b>Author and responsible Officer</b>	Alan Baird, Audit and Assurance Committee Chair
<b>Link to Strategic Plan</b>	<p>The recommendations in this report is about our internal governance and therefore link to all our strategic outcomes:</p> <p>Outcome 1: <b>Trusted</b> People who use services are protected by a workforce that is fit to practise.</p> <p>Outcome 2: <b>Skilled</b> Our work supports the workforce to deliver high standards of professional practice.</p> <p>Outcome 3: <b>Confident</b> Our work enhances the confidence, competence and wellbeing of the workforce.</p> <p>Outcome 4: <b>Valued</b> The social work, social care and children and young people workforce is valued for the difference it makes to people's lives.</p>
<b>Link to Risk Register</b>	Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.
<b>Impact assessments</b>	1. An Equalities Impact Assessment (EIA) was not required.

	<p>2. A Data Protection Impact Assessment (DPIA) was not required.</p> <p>3. A Sustainability Impact Assessment (SIA) was not required.</p>
<b>Documents attached</b>	None

## **EXECUTIVE SUMMARY**

1. The Audit and Assurance Committee Annual Report to Council summarises the work of the Committee over the 2022/23 financial year. The content of this report informed the Annual Governance Statement.
2. The Committee met on five occasions. All meetings were quorate.

## **REMIT OF THE AUDIT AND ASSURANCE COMMITTEE**

3. The remit of the Audit and Assurance Committee is to
  - review the strategic KPI performance section of the assurance report
  - review financial monitoring section of the assurance report
  - review the Strategic Risk Register/Management Plan report
  - ensure that the audit requirements of SPFM (Scottish Public Finance Manual) are being implemented
  - scrutinise accounting policies, accounts and annual report of the organisation with recommendations for the Council before submission to Parliament.
4. The function of the Audit and Assurance Committee is to advise the Council and the Accountable Officer on strategic processes for risk, internal control environment, governance and the governance statement, counter fraud policies, whistleblowing processes, arrangements for special investigations, adequacy of management response to operational and financial performance, financial probity and stewardship, management of risk (financial and strategic objectives) and audit findings, effectiveness of audit functions.

## **SUMMARY OF AUDIT AND ASSURANCE COMMITTEE WORK**

### **Internal Audit**

5. During the period 1 April 2022 to 31 March 2023, the Committee considered seven reports by the internal auditor as listed in the table below, the action priorities are categorised as:
  - Priority 1: issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
  - Priority 2: issue subjecting the organisation to significant risk and which should be addressed by management.
  - Priority 3: matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

<b>Audited area</b>	<b>Committee date</b>	<b>Assurance level</b>	<b>Management action</b>	<b>Action priority grading</b>
Budgetary Control	3 May 2022	Good	No recommendations	
Data Protection	3 May 2022	Good	No recommendations	
Health and Safety	2 August 2022	Satisfactory	2 recommendations	One recommendation graded priority 3 One recommendation graded priority 2
Procurement and Creditors (joint with Care Inspectorate)	1 November 2022	Satisfactory	2 recommendations	Both recommendations graded priority 3
Digital Strategy and Digital Transformation	1 November 2022	Good	No recommendations	
Future Proofing Programme	1 November 2022	Good	No recommendations	
Payroll (joint with Care Inspectorate)	2 February 2023	Satisfactory	3 recommendations	All three recommendations graded priority 3

6. Four of the audit reports provided a good level of assurance. Three reports provided satisfactory assurance, two are joint reports with the Care Inspectorate and will be reported to the appropriate committee of the Care Inspectorate, the other is also a shared service, although not a joint report. The four audits which provided a good level of assurance generated no formal recommendations for improvement however, there were two suggested actions to enhance Data Protection procedures. Two audits scheduled within the 2022/23 plan were carried out in March and will be reported to the May 2023 Committee meeting.
7. The Committee received quarterly reports on management actions which recorded the agreed actions and timelines for completing these. Any delay and change to timeline for actions to be completed requires Committee approval.

### **Consideration of the 2021/22 draft Annual Report and Accounts**

8. In May 2022 the Committee reviewed and approved the draft Annual Governance Statement and the draft Annual Audit and Assurance Committee report to Council, for the year 2021/22.

9. Due to delays with external audit, the timeline for approval of the Annual Report and Accounts was revised. Council reviewed the draft in August 2022 and the Audit and Assurance Committee approved the final version on 28 November 2022 for submission to Council. This was then approved by Council on 13 December 2022 for laying before Parliament before the deadline of 31 December.
10. Private meetings with internal and external auditors were held on 1 November 2022 and 28 November 2022, respectively.

### **Review of Audit Plans**

11. Audit Scotland appointed the external auditors for the SSSC, Deloitte LLP, for the next five years commencing with the 2022/23 audit. Committee was informed of this in February 2023. The Committee agreed at the meeting that the external audit plan should be presented to Council for approval on 27 March 2023, to avoid any delay in starting work on the audit.
12. The internal audit plan for 2022/23 was presented to Committee in February 2022 and following some minor agreed changes the final version was issued in April 2022.

### **Implementation and progress of audit recommendations**

13. The Committee receives a quarterly report on the progress made with both internal and external audit recommendations. Seven audits were carried out during the year. Seven recommended actions were reported in 2022/23 along with two further improvement suggestions. Of these, one of the suggested actions is complete and one in progress with a revised date for completion. Of the recommendations, six are completed and two are still in progress. We are unable to provide completion evidence to the auditors for two of the recommendations due to pressures on the team from the interim pay award and staff absence. The external audit resulted in two recommendations both of which are completed.
14. The responsible officers record their evidence of completion of the recommendations in the tracker. The internal auditor has access to this tracker to ingather the relevant information and evidence for the annual follow-up report, which is submitted to Committee in May each year.

### **Other work**

#### **Assurance**

15. The Committee considered a monthly assurance report at each of its quarterly meetings. The report contained the information and data for the previous month, the summary risk register and revised risk scores. Committee had the opportunity to comment upon any changes to these or to recommend any actions to Council.

16. Following the approval of a draft assurance map template in February 2022, the Committee approved the first assurance map in May 2022 and agreed to review it on an annual basis. It approved a review of the map in November 2022.

### **Audit and Assurance Committee quarterly report**

17. The Chair submits a quarterly report from the Committee to the following meeting of the Council. The report makes recommendations to Council on matters for approval and on any main decisions and highlights from the Committee meeting. The Committee gives assurances to Council on matters it has considered.

### **Post COVID-19**

18. The Committee had its first meeting in hybrid format in August 2022, with attendees being permitted to attend online or in person. This was the first Committee meeting following restrictions on access to the office being lifted.

### **Strategic Risk Register and financial governance**

19. The Committee reviewed the risk register and the revised scores, as recommended by the Executive Management Team, at each quarterly meeting and agreed the revised register and risk appetite statement, effective from 1 April 2023 in February 2023.
20. The Committee approved the revised Financial Regulations and the revised Debt Management Policy in February 2022. These documents have not yet been revised and agreed by Committee for 2023/24.

### **Horizon scanning/Audit Scotland publications**

21. The main matters raised as relevant to the work of the SSSC were
- National Care Service
  - Social Care: Independent Review of Inspection, Scrutiny and Regulation in Scotland
  - Public Finances.

### **Fraud, bribery and corruption**

22. The Committee considered quarterly reports on fraud, bribery and corruption assurance. No instances of fraud, bribery or corruption were detected in the year 2022/23. The SSSC continues to take part in the National Fraud Initiative and a report on the most recent survey and outcomes was provided to Committee in November.
23. Following the retiral of the Council's Counter Fraud Champion, Theresa Allison was appointed for a temporary period. The new Fraud Liaison

Officer, following the departure of the Interim Director of Finance and Resources at the end of 2022/23, is the Head of Legal and Corporate Governance, Anne Stewart.

### **Benefits realisation**

24. The Committee receives regular updates on benefits, including financial benefits, realised from the various projects taken forward by the SSSC. The reports detail the projects, the budget, the spend to date, return on investment. The Committee interrogates the information provided.

### **Rewards review**

25. In August 2022, the Committee was updated on the progress regarding the Rewards Review before the Council agreed to pause the project later that month.

### **Office accommodation**

26. The Committee was kept informed of the progress in ongoing negotiations regarding the reduction in office space required by the organisation, which will lead to budget savings.

### **Employment status of Fitness to Practise panel members**

27. In February 2023, the Committee was informed of changes to the employment status of Fitness to Practise panel members following on from an employment tribunal judgement in a case against the Nursing and Midwifery Council.

### **Meetings with Chair and Chief Executive**

28. The Chair and Vice Chair have attended regular meetings with the Chief Executive or Acting Chief Executive, the Interim Director of Finance and Resources and the Head of Legal and Corporate Governance to review Committee business.

## **QUALITY OF INTERNAL AUDIT**

29. The Committee is content with the work of the internal auditors. The Committee's view is that the standard of the internal audit work and the reports produced for 2022/23 were good. The Committee noted the positive relationship between the auditors, management team and other officers involved in the internal audit processes. The Committee is satisfied that the processes and liaison between the officers and auditors ensures that recommended actions are progressed and reported. The

Committee held a private meeting with the internal auditors in November 2022.

## **QUALITY OF EXTERNAL AUDIT**

30. The SSSC's external auditors are Deloitte LLP, they will carry out their first audit for the 2022/23 year.
31. Grant Thornton were the auditors for the 2021/22 year. They reported issues with meeting the agreed timeline for the external audit of the Annual Report and Accounts. Officers worked with the auditors and Council Members to agree later dates which allowed the accounts to be laid before Parliament by the due date.
32. The Committee held a private meeting with the external auditors in November 2022.

## **GOVERNANCE STATEMENT**

33. The Committee noted that this report will inform the preparation of the Annual Governance Statement.

## **ASSURANCE OPINION**

34. The Committee held separate private meetings with the external auditors and internal auditors during November 2022. Both meetings reflected positively on the SSSC in terms of the quality of internal and external audit reports. Auditors also commented positively on their working relationships with staff.
35. The Committee is of the opinion that the assurances supplied throughout the year are reliable, have integrity and are sufficiently comprehensive to support the Council and the Accountable Officer in their decision making and their accountability obligations. Further, the Committee is satisfied that there are sufficient mechanisms in place to allow the Committee to discharge its functions.

## **RISKS**

36. We have an averse risk appetite towards governance matters. There are no risks arising from the recommendations in this report.

## **IMPLICATIONS**

### **Resourcing**

37. There are no financial, staffing or sustainability implications arising from this report.



### **Compliance**

38. This report complies with legal and governance requirements.

## **IMPACT ASSESSMENTS**

### **Equalities**

39. An Equalities Impact Assessment (EIA) is not necessary as this report relates to internal governance arrangements and does not have an impact on people with protected characteristics.

## **CONCLUSION**

40. This report summarises the work of the Audit and Assurance Committee over the financial year 2022/23 and is submitted to Council for approval as part of the process for the production of the Annual Report and Accounts.